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ABSTRACT

Developed as part of a study of the education of adults at community colleges being conducted by the Center for the Study of Community Colleges, this report provides the results of informal telephone interviews with high-level state administrators in 36 states regarding adult education funding and control. For each state, a profile is presented including, with some variation, information on: (1) the state's community, junior, and technical college system; (2) the governance of the community colleges; (3) sources of two-year college revenues; (4) tuition policies for credit and non-credit courses; (5) state funding mechanisms for various community college programs, including adult and continuing education; (6) the state's definition of adult education programs; and (7) the allocation of responsibility for adult education among various segments of education. (RO)

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COMMUNITY COLLEGE INVOLVEMENT IN THE EDUCATION OF ADULTS

ADULT EDUCATION FUNDING AND CONTROL:

SUMMARY OF TELEPHONE INTERVIEWS WITH STATE OFFICIALS

JC 860 310

First-year progress report to the

Carnegie Foundation for the Advancement of Teaching

30 June 1986

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state: ALABAMA

date: 10-25-85

interviewees: Dr. Charles Payne, Chancellor
Brenda Kelly, Accountant
Alabama State Department of Post-secondary Education
419 South Perry Street
Montgomery, AL 36104
(205) 834-2200

Alabama funds separately the system of community colleges and the system of junior and technical colleges. The state system includes a total of 41 institutions, 14 junior colleges with academic programs, 7 community colleges with both academic and technical programs, and 20 technical colleges. The 1984-85 budget totaled $166,900 million for all 41 institutions. The state funded 60 percent of the cost; tuition supplied 16 percent; federal funds 11 percent; and state grants, contracts and other sources supplied one percent of the total cost.

For the community colleges, an average cost per FTE is calculated on the basis of all the programs in all the colleges to determine a base cost for the formula. That figure is used to compare and identify high cost programs to calculate a weighted factor into the allocation formula.

The Legislature makes an appropriation to the Alabama State Department of Postsecondary Education for the community colleges in the spring. That is allocated to the institutions as follows:

<u>Off-the-top</u>:

1. health sciences (high cost) - use weighted factor;
2. base of $200,00 flat appropriation to each college;

3. prison population - tuition for those serviced, but there is a cap on the total per institution.

Residual of appropriation:

The residual is divided equally among institutions on the basis of credit hours generated in the community college. A pro-rata share is allocated to each based or the credit hours generated in the previous year (four quarter average).

The junior and technical colleges report each quarter the actual contact hours generated. From the total appropriation for the junior/technical colleges, the State Board of Postsecondary Education allocates to each institution a share as follows:

From the top:

1. Weighted program factor for high cost programs, e.g., aircraft maintenance or nursing.
2. Base or foundation grant of $275,000 to each college.
3. Prison tuition based on the number served for the previous year.

Thus, the community college FTE is determined on the basis of credit hours, and the junior/technical colleges FTE depends upon actual contact hours with students.

All curricula for which state funding is sought must be approved by the Commission of Higher Education. Only approved curricula can generate funded FTE. No approval is needed for programs funded in other ways, e.g., adult basic education, federal grants, self-supporting non-credit continuing education.

Tuition for credit courses is determined by the Alabama State Board of Postsecondary Education. The tuition is the same statewide. Continuing education, non-credit courses are self-supporting, i.e., the tuition must cover the direct cost of instructional programs.

Board policy provides tuition waivers for senior citizens. The programs for displaced homemakers and unemployed are federally funded. Programs for prisoners are growing in Alabama. It is the "new baby" and receiving lots of attention. There are no special state funds for minorities or immigrants.

The elementary/secondary school systems provide night classes for adults, and the public universities offer extension courses. The Department of Correction contracts for service to the inmates, but also has two prison schools and colleges. The prison college is a technical college.

The competition among the public high schools and the colleges to serve adults prompted the State Boared to vote a resolution on partnerships with the secondary and postsecondary institutions. The Board is seeking new initiatives for articulation on transfer courses. There is a good relationship among the public institutions, and lots of competition between public and private institutions to serve adults.

There have been no major changes in the statutes governing the community college funding in the last five years. A bit more flexibility has been introduced into the laws affecting the technical schools.

state: ARIZONA

date: 10-24-85

interviewee: Dr. Wayne M. McGrath
Executive Director
State Board for Community Colleges
of Arizona
3225 North Central, Suite 810
Phoenix, AZ 85012
(602) 255-4037

In Arizona, the state contributes about 25 percent of the community college funding; local taxes supply about 40 percent; tuition and fees about 15 percent; and the remainder comes from federal and miscellaneous sources.

The appropriation and allocation of state funds for the community colleges are formula-driven. The appropriation is based on estimated enrollments and an inflation factor. The State tempers the local estimates, because if the estimate is too low, supplemental appropriations are possible.

The State contributes to the maintenance through allocations based on three formula factors:

FT student enrollment

Using only credit courses, the colleges determine the average full-time student enrollment during the 45 days of each semester averaged for the year. An FTE = 15 units/semester. The first 2500 FTS earn $1030 each; from 2501 to 5000 receive $720 each; and 5001 plus receive $510 each.

Vocational programs

Approved vocational program credit units earn an additional $450 for each 2500 FTE, $285 for those between 2501 and 5000, and

$200 for each FTE above 5000.

Capital outlay

The State provides funding for equipment and facility renovation as follows: for districts with less than 5000 FTE, $175 per student; for FTE over 5000, $135 per student.

The State Board decides whether a course will be given for credit and also establishes tuition and fees after consultation with the local authorities. It usually follows local recommendations.

Local tax authorities may increase the levy by 2 percent if there is significant growth in property. The local college cannot spend the additional funds raised unless its FTE fit the enrollment formula. Growth has been static lately, so the expenditure limit caps the 1-2 percent growth.

Courses in academic degree or transfer programs are credit courses. Vocational courses leading to a degree or transfer are not only counted as credit courses, but receive extra weight in the formula. There are two types of vocational upgrading programs. If considered a necessary course, it will receive state aid. There is no funding for continuing education, however, unless it is part of the credit load.

Tuition waivers are allowed only for (1) employees and family members of employees, (2) native American students residing in a contiguous state whose reservation extends into that state, e.g. the Navaho reservation, (3) exchange students with New Mexico, i.e., up to 30 students travel each direction

between Eastern Arizona College and New Mexico Western University. There are no other favored groups.

Despite efforts during the last four years to persuade the Legislature to appropriate half a million dollars for courses in community colleges to encourage economic development, none has been granted, so the Board will not try again. The Department works with the Department of Education which has federal dollars through the Industry Training Services Program to assist displaced workers ($250,000).

The elementary/secondary school districts contract with the community colleges to deliver about two thirds of the services in adult basic education. The provision of continuing education for adults varies around the state. In some areas, only community colleges offer such courses. In other areas, both are involved in all types of service. In metropolitan areas, the city recreation departments and other agencies are involved. In rural areas, the elementary/secondary education system is the "only show in town."

The public universities offer extension courses. The Department of Correction contracts with the community colleges for the most part and with the the university to some extent. Both the Department of Vocational Rehabilitation and the Labor Department support education by buying services for their clients.

Last year, the Legislature committed itself to increase, during a five year period, support of community colleges from 25

percent per year to 33 percent. The goal is to contribute one third of the operational costs. The second major change in the last five years was an agreement to change the practice concerning capital funding. There was a limit on capital fund which was based on enrollment. This year, the Legislature will entertain proposals for significant capital development.

state: ARKANSAS

date: 10-25-85

interviewee: Dr. Tom Spencer, Deputy Director
Department of Higher Education

(501) 371-1441

In 1981, Arkansas established a third cabinet level agency, the Division of Vocational-Technical Education. The Division handles vocational education from kindergarten to grade 14, or the first two years of college level courses. It also services the medical center. The Department of Higher Education oversees all other public higher education institutions.

The two agencies work well together. For example the Vocational-Technical Division sets some of the rates in the formula used for budgeting in the community college system. The agencies have "worked to make the unworkable work." For information concerning the institutions under the new Division's direction, call Charles Jackson, (501) 371-2461.

In Arkansas, there are not enough big population centers to support both a four-year and two-year institution in the same geographical area. The community colleges serve areas where the population density is too low to support a four-year institution. The local district pays for the start-up capital costs, i.e., the facilities, land, and initial cost, for the community colleges, and the State pays for the operating costs, including maintenance.

The budgeting process involves application of a complex formula to all higher education institutions. The instructional portion is based on teaching salaries times the number of credit hours in courses in the Classification of Instructional Programs Code. To determine FTE, all credit hours generated in the fiscal year are divided by 30. Different student/teacher ratios are used for different programs, and the set used for community colleges is different from the one used for four-year institutions. The process is not changed, but the factors are reviewed annually to account for inflation and permit "boosting."

In essence, the Department uses a zero-based budgeting process that is revised on the basis of what has happened and what they expect. The formula is "front-loaded" for size in some areas, and a minimum is built in with an amount for students above that minimum. For example, to fund libraries, small institutions may have a higher FTE rate than large institutions.

To be a credit course, the class must be part of a certificate or degree program with reasonable expectation of transferability of credit to another institution, or the course must be a remedial course that prepares students to enroll in credit courses. Virtually any course with academic legitimacy may be classified as a credit course. Non-credit courses are self-supporting, except for overhead.

Senior citizens enjoy tuition waivers for credit classes on a space available basis. The college is not responsible for the tuition, and the credit hours count in the FTE calculations.

Federal funds are used for displaced homemakers and the unemployed. The Department of Corrections has its own elementary/secondary and postsecondary vocational/technical programs. One senior college serves the population at one prison site.

Arkansas is one of the "Adams" states, so there are major activities funded for the recruitment of minorities and other developmental activities. There is also a major federal contract funding work with the Vietnamese immigrants. They are recognized as residents for tuition purposes, and English as a Second Language programs are part of the community college remedial program.

The State has appropriated $3.4 million for economic development. The colleges make proposals for grants. Initially, the purpose could be improvement and articulation, i.e., the funds were a challenge for creativity. Now the two year schools are creating or enhancing a standard business center with the funds.

Since 1983, there has been serious concern about educational reform. Consequently Adult Basic Education and GED programs are improving. Many community colleges are the local centers for these programs, depending on what was there and how the local institutions wanted to do it. Most are in the community colleges.

The community colleges handle the greatest volume of state-funded continuing education for adults. In addition to a broad-

based credit program, there are a large number of non-credit programs and many part-time students.

There have been no major changes in the statutes governing the community college funding in the last five years.

state: CALIFORNIA

date: 11-26-85

interviewee: Dorothy Knoell
California Postsecondary Education Council
1020 12th Street, 2d floor
Sacramento, CA 95814

This profile is based on a short interview with Ms. Knoell, information furnished by Assistant Chancellor Joseph P. Keating, and other research.

Governance

The California Postsecondary Education Commission advises the Governor, Legislature, other state government officials, and the governing bodies of the state's postsecondary institutions.

The Board of Governors of the California Community Colleges, assisted by the Chancellor of Community Colleges, determines budget procedures and records to be followed by 107 community colleges; allocates state appropriations; recommends policies; and assists the 70 community college district boards of trustees and their chief administrative officers. The Board also promulgates rules and regulations for the implementation of state law.

The Board of Governors ultimately determines whether an offering is classified as a course or a class. A "course" is an organized pattern of instruction on a specified subject. An "educational program" is an organized sequence of courses leading to a defined objective, a degree, a certificate, a diploma, a license, or transfer to another institution of higher education.

A "class" is a community services offering. (Title 5 Adm. Code sec. 55000) There is no state apportionment for community service classes. (Cal. Educ. Code sec. 78305)

Boards of Trustees, Chancellors (multi-campus districts), and Presidents or Superintendent/Presidents make policies, regulations, budgets, and curricular decisions at the local level. The governing boards may establish, without approval of the Board of Governors, community services classes and activities

> . . . in civic, vocational, literacy, health, homemaking, technical and general education, including but not limited to classes in the fields of music, drama, art, handicraft, science, literature, nature study, nature contacting, aquatic sports and athletics. Such classes shall be designed to provide instruction and to contribute to the physical, mental, moral, economic, or civic development of the individuals or groups enrolled therein. (CEC 78300).

The Board of Governors categorizes programs, courses and classes through regulation (5 Cal. Adm. Code 55001) under the heading "Community College Educational Program" as follows:

(a) The instructional services of community colleges include:

(1) Liberal Arts and Sciences Education
- (A) Baccalaureate Oriented/Transfer Programs and Courses
- (B) Associate Degree Programs and Courses
- (C) Developmental Programs and Courses
  1. Compensatory Programs and Courses
  2. Adult Elementary and Secondary Basic Skills Programs and Courses
- (D) Community Education Programs and Courses

1. Personal Development and Survival Courses
2. Parenting and Family Support Courses
3. Community and Civic Development Courses
4. General and Cultural Courses

(2) Occupational Education
   (A) Vocational/Technical Transfer Programs and Courses
   (B) Vocational/Technical Associate Degree and Certificate Programs and Courses
   (C) Continuing Education Vocational/Technical Certificates, Programs and Courses

(b) The community services (non ADA generating) of community colleges include:

(1) Community Services Classes
   (A) Avocational Classes
   (B) Recreational Classes
   (C) Seminars, Lecture Series, Forum Series, Workshops, and Conferences
   (D) Professional and Occupational Inservice Classes

(2) Community Services Activities
   (A) Civic Center Act Activities
   (B) Cultural Activities
   (C) Community Development Activities
   (D) Recreational Activites

In 1982, the Legislature directed the California Postsecondary Education Commission to advise it on the effect of tuition on higher education segments. The CPEC recommended, instead of tuition or fees, that the Legislature deduct $30 million from the total apportionments to community colleges. The Legislature directed the Board of Governors to reclassify recreational, avocational, and personal development courses as community service classes to be offered on a self-supporting basis.

The Board of Governors used six criteria that can be summarized according to whether the course:

1. Can be described as "avocational, recreational, and personal development;"

2. Does not further the statutory mission of providing associate degree programs, transfer courses, vocational and technical courses leading to employment, and general or liberal arts courses;

3. Serves greater private than public interest;

4. Is not a required component of an academic or vocational program which has been approved by the Chancellor's Office;

5. Is not necessary to the college's response to local business and industry needs;

6. Attracts non-regular students interested in self-help, avocational, recreational purposes and should be self-supporting.

The Board of Governors reclassified 17 types of credit courses and two non-credit courses to the community services categories. The Board of Governors assessed the changes as leaving intact the remediation mission; strengthening the general, transfer and occupational functions by removing non-college level offerings from the credit courses; and simultaneously strengthening the community service function. The Board noted the negative effects upon personnel and optimum use of facilities (JC 850212).

The nine mandated areas of non-credit courses are Adult Basic Education, Citizenship, Consumer Health and Safety, Disabled Persons, Older Adults, and English as a Second Language, Parent Education, Occupational Education (short-term), and Other (Jackie Ireland interview).

Community Service Education versus Adult Education

California statutes permit both local school districts and community colleges to offer adult education. One CPEC study

points out that the enrollment-driven formulas for state apportionments based on ADA encourages local response to community needs, but commits the state to a contribution regardless of the state's ability to fund it (JC 770-211). (But see section on financing below.)

Another study indicates that the combination of ADA apportionments, overlapping functions, declining enrollments, and lower costs for adult classes will foster competition and possibly conflict between school districts and community colleges (JC 770 472). Functional agreements reached at the time of separation of a community college district from a parent school district or through negotiation generally determine which district will provide adult education or community service, but sometimes considerable friction results.

Community College Finance

(The following section is excerpted from J. P. Keating, "Principles for Community College Finance: Discussion Paper," Board of Governors of the California Community Colleges, September 12-13, 1985, pp. 3-4.)

"California community colleges are funded from three primary sources, including: student enrollment fees (4.5% of the total general apportionment funds in 1984-85); local property taxes (27.9%); and State appropriations (67.6%). Additional funds, equal to approximately 4% of the general apportionment funds, are derived by the colleges from a variety of sources, including federal funds, local permissive fees, special categorical funds

and private contributions. In the fiscal year just preceding Proposition 13, the State contributed only 38% of the general apportionment funding; the remaining 62% was provided from local property taxes. There were no funds derived from student enrollment fees. Following Proposition 13, in 1979-80, the State's contribution increased to 78% as local property tax share dropped to 22%. Since that time, property tax assessments have climbed by an average of 12% per year and student enrollment fees have been instituted. The State's real dollar contribution has grown by an average of only 1.5% per year and the proportion of revenues contributed by the State has slipped from 78% to 67%. Overall funding has increased by an average annual amount of only 4.5% since 1977-78, while buying power per average daily attendance (ADA) has declined by over 11%. Had it not been for a statewide reduction of almost 10% in ADA, the buying power reduction would have exceeded 20%. The community college system has not done well since its dependence has shifted from local to state resources.

"State funding for community colleges has been provided primarily through general apportionment aid. Categorical funding has been limited primarily to special student needs programs where it has been necessary to target additional resources, such as the Extended Opportunity Program (EOPS) and the Disabled Student Program (HSPS). As general apportionment funding has been limited and buying power has diminished, backlogs of need have arisen, necessitating categorical aid for such additional

need as deferred maintenance and instructional equipment. In addition, the need for greater accountability and greater effectiveness with limited resources has demonstrated the need for improved student assessment and counseling ('matriculation') and for renewal and upgrading of staff through staff development.

"State general apportionment funding is determined through legislatively adopted statutory provisions. These provisions incorporate the local property taxes and student enrollment fees of each community college district in a formula for purposes of calculating the amount of money that each district will receive from the State. For purposes of calculating the amount of State funding for a district, the State establishes a limit ('revenue limit') on the district's allowable funding per ADA and a limit (ADA cap) on the number of ADA for which the district is eligible for funds.

"The amount of State general apportionment assistance varies widely among the districts depending on their revenue limit, their ADA cap, and on their local property taxes and student enrollment fee revenues. For example, the State provides no general apportionment assistance to West Kern Community College District, where property tax proceeds are high due to the high value of oil rich lands, and provides 90% in the San Francisco Community College District, where the educational needs are high and the property tax proceeds are relatively low per student. The State's contribution is automatically reduced as property tax proceeds and enrollment fee receipts increase. The State's

contribution goes down significantly as enrollments decline. Property tax proceeds are not affected by enrollments and student fee revenues change marginally. The State's funding mechanism has evolved over the years to one that protects the State against the possibility of large increases in the State's fiscal obligation and, at the same time, provides the opportunity for significant State savings as enrollments decline or property values and the resulting taxes go up. Property tax proceeds are growing at twice the rate of inflation, thus providing an annual windfall to the State by reducing its funding obligation. The ratio between State funding and local property tax funding will continue to change toward a higher participation of local funds and a lower obligation of State funds.

"The basic statutory mechanism has been modified with nine significant changes since 1973. This has contributed significantly to the financial instability of the system and to district uncertainty and their inability to plan. The present funding mechanism, known as the 'SB 851 Mechanism' (Article 1 of Chapter 5, commencing with Section 84700 of the Education Code), is due to expire on July 1, 1987. . . ."

According to Ms. Knoell, there are no tuition waivers for senior citizens, but there are waivers based on income. Federal funds support programs for displaced homemakers and the unemployed. In addition, the state funds a new workfare program to make people on welfare employable. There is considerable debate about whether to create a community college in the Department of

Correction. The State University offers some courses to prisoners. Minorities are helped through Extended Opportunity Program (EOPS), and there are other programs and state services that assist people on the basis of need.

With respect to competion between community colleges and elementary/secondary districts for the continuing education market, Ms. Knoell commented that a "war" broke out in the hearings held by the Master Plan Study Commission, despite the fact that the non-credit adult does not bring in much money now. She sees the big question as the issue of who will do the remediation/assessment function being done by the community colleges in the high schools.

state: COLORADO

date: 10-24-85

interviewee: Dick Shubert, Fiscal Officer
State Board of Community Colleges and
Occupational Education
221 Centennial Building
1313 Sherman
Denver, CO 80203

Colorado has two types of commmunity colleges. The state system is owned and operated by the state without property tax funding. The local junior colleges are owned and operated by the local district with the support of local district taxes.

STATE SYSTEM

The state system funding is in transition. From 1980-81 to the present the Legislature used a line item for each state institution of higher education. Next year there will be only one line item appropriation to the Higher Education Commission.

The Higher Education Commission is re-examining the base project to demonstrate need, and the Legislature accepts that approach. Last year the new funding method was used. The Commission on Higher Education recomends the higher education budget as a whole. It is developed by a committee of governing boards and is based on formulas and surrogates for formulas. The Legislature decides how much to appropriate. The Commission on Higher Education allocates the appropriation to the other governing boards in accordance with a budget formula.

The staffing allocation formula consists of the following elements:

1. Resident Instruction - Exempt Staff. This factor covers faculty and academic administration. It is based on the number of students in various HEGIS categories and the student/faculty ratio established for each to arrive at an FTE staff.

2. Compensation. This factor is based on the average compensation in 1980-81 and is driven forward by inflation factors. The Commission has been trying to use the rate of income for state employees, i.e., peer group salaries, as the compensation rate, but that method is not yet accepted.

3. Support Staff in Resident Instruction. This factor is based on the ratio of one support staff for each 6.7 academic staff members.

4. General Administration. This category had been capped for many years. Now using a certain number of FTE staff allowed driven forward by inflation.

5. Student Services. There are two formulas used. The first, based on FTE enrollments (primarily headcount of both residential and non-residential students), is used for larger colleges to determine the number of staff allowed above the

core staff. The second also consists of core staff and FTE enrollment in colleges with 2000 or less FTE.

6. Data Processing. Since there is no formula yet developed for this factor, they use the State's central ADP division figures increased by an inflation factor.

7. Library. This component is calculated on the basis of a staffing formula using three elements: student FTE, faculty FTE, and branch library hours. For colleges with less than 1000 FTE, an alternate formula based on hours of service per year is used.

8. Library Acquisitions. Each college's presumed share of publications printed annually is used to allocate any extra funding.

9. Physical Plant Staff. The allocation is based on the average gross square feet maintained in each college adjusted by the student FTE to measure the intensity of use.

All the above formulas are used to determine the allocation for staffing. For other costs, they use the 1979-80 or 1980-81 base adjusted for inflation. Capital outlay allocations are based on an average of those two fiscal years. For rents, the calculation uses the actual current rates.

state: CONNECTICUT - I. COMMUNITY COLLEGES

date: 10-24-85

interviewee: Dr. Kenneth Summerer, Deputy Director
Connecticut Regional Community Colleges
61 Woodland Street
Hartford, CT 06105
(203) 566-8760

The funding of the Connecticut regional community colleges is formula-driven, but the appropriations are approached incrementally with dollar caps. During the 1970's, the appropriation was enrollment related, but tight budgets impinged upon the total. In the last three years, the appropriation has been reorganized into three formulas:

1. Library formula - consists of a basic amount based on expenditures and anticipated holdings;
2. Physical plant - based on the number of instructional square feet, lawns, and parking lots;
3. Instructional services - in place for two years, this factor is heavily enrollment related.

The instructional factor consists of a ratio of faculty members to credit hours produced FTE. There are two semesters per year. The semester credit hours are divided by 15 to determine one FTE. The position count allowed is supplemented with a lot of part-timers. Two years ago, the formula supported the need for another 107 faculty, but the budget request included only one third of that. The appropriation provided for only 30, and the community colleges are now asking for another 30. THe formula is set aside when fiscal realities require it. There is

no differential funding based on programs. All FTE are equally recognized in the budget process. There is some start-up funding for new programs and curriculum change.

No local funding is involved. The State provided $42 million this year. Tuition and fees provide about $8 million, and federal funds supply 1-2 percent of the expenditures. The community college system may now retain tuition, which up until two years ago went into the General Fund.

Veterans have an absolute right to a tuition waiver. Senior citizens over 62 may attend tuition-free on a space available basis. Displaced workers pay no tuition, i.e., there is no fee for retraining programs. Displaced homemakers are served by one college. About half the $140,000 per year funding goes to the community college board, and the Department of Health Services receives some.

The Community College Board contracts with the Department of Corrections to provide various services, but mostly continuing education. There is no special state funding for minorities. The Department of Higher Education is putting a program together to provide special funds to campuses low in minority count to assist in recruitment. There are no special programs for immigrants, but the Northwestern Community College in Winsted has a career program for the deaf funded by a special appropriation of $300,000 per year to serve about 35 students.

The State Board of Education handles continuing education in most parts of the state through both high schools and/or

community colleges. In the population center, adult education sponsored mainly by the Department of Education serves adults. The public universities also offer extension courses. the Department of Correction has its own school system, although it contracts with community colleges for some services. The interviewee estimates that the community colleges handle most of the continuing education for adults.

The Department of Vocational Rehabilitation may run some courses, but mostly sponsors some of the community college students. The Labor Department contracts with the community college system to provide two Winnebego vans equipped with computers which are driven to businesses and industries to provide a one to five day course. The students receive certificates, but are not counted in the FTE.

The major change in the statutes governing the community college funding in the last five years is the adoption of the new formuas three years ago and permitting the system to retain tuition, instituted two years ago.

state: CONNECTICUT - II STATE TECHNICAL COLLEGES

date: 10-28-85

interviewee: Mr. James Long, Director of Finance
Connecticut State Technical Colleges
61 Woodland Street
Hartford, CT 06105
(203) 566-3976

The five, non-residential state technical colleges in Connecticut require an examination to enter and offer engineering and technical courses leading to a two-year A.A. degree. The budgeting process is the same as for the rest of the Higher Education unit. The Executive Director and the Director of Finance review budget requests from each college; the Board of Trustees ratifies the request which is submitted to the Board of Governors. A total request for all higher education units is submitted to the Governor's Office of Policy Management which makes a recommendation to the Governor by November 15. The appropriation is made the following spring.

The formula for budgeting and appropriation was designed by the Board of Governors two years ago and is sill being revised. The appropriation goes directly to the units for allocation in accordance with a distribution formula that currently includes three factors: instruction, library, and physical plant. A factor for academic support, e.g., dean, administrative office, recruitment, etc., is being considered.

Nine years ago the higher education system adopted the WISHE system of coding courses. The technical colleges are the only higher education unit using the three quarter system (fall,

winter, and spring). The instructional factor consists of:

1. FTE - credit hours divided by 15 - (98% of total)
2. "sometimes head count" - left up to the colleges, depends on the course.

The state funds adult schools in both the vocational technical colleges and the high school vocational education system under the State Board of Education (21 institutions). The technical colleges operate two schools in essence: a full-time day school and an evening school from 4:30-10 p.m. A different funding system provides $40 per credit hour in student fees for the evening courses. The day-time tuition is $652 per year, or about $18 per credit.

The State is shooting for an 80 to 20 percent proportion of state funds to tuition, but this year the State is providing 85 percent and about 14 percent comes from students.

The system can now retain its tuition funds, but enrollment is declining. The economy is very good, so the industries and businesses are hiring high school graduates. The new G.I. bill that requires high schools to give the military forces permission to recruit in the high schools in the spring is expected to pose considerable competition to the technical colleges, because the armed forces offer free education if the student joins the armed services for a few years.

The technical colleges contract with local industries to train employees and contracted for one program to serve prisoners two years ago. Under the Job Training Act, the technical

colleges contracted with the Hartford College of Women to assist the unemployed. Displaced homemakers are served largely by the community colleges with federal grants handled by the State Board of Education.

Although the technical colleges constantly attempt to recruit minorities, few seem to want to be engineers. $10,000 has been appropriated to review the involvement of women and minorities. Pell grants fund tuition, but there are no loan programs, and very little work/study funds. All five technical colleges provide non-credit remedial courses. Last year, of about 11,000 students, 1,004 graduated. Most were white males.

The major changes in the funding in the last five years include use of a formula to generate a budget and allocate funds and establishment of the tuition fund, so that the institutions could retain the proceeds.

Two major changes are in the offing. A higher education task force is studying the feasibility of merging the community college and vocational technical college systems. Among the problems to be considered are (1) different terms - quarter versus semester system, (2) different types of courses, (3) the technical colleges have the laboratories, and (4) each system has a board of trustees appointed by the governor.

The second major change being considered is elimination of extension funds for credit. All funding would be based on tuition, student fees, and state appropriations. The change would end the 4:30-10 p.m. "college" in the technical colleges.

state: DELAWARE

date: 10-28-85

interviewee: Dr. Robert Harra
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Delaware Technical and Community College
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Delaware has one Technical and Community College with four campuses. Governed by one board of trustees which sets the tuition rate, the system is 90 percent state-funded and 10 percent supported by tuition.

Each campus receives a separate appropriation based on its programs, not a formula. Each campus projects its cost based on the programs offered and the estimated enrollment in credit courses. Continuing education courses are self-supporting.

Tuition is waived on a space available basis for persons over sixty, and those students can be counted in credit courses. A very small program for women returning to the work force is supported. Through contracts with industry, many industrial training programs are provided to retrain people. A very limited amount of service is offered prisoners. Special programs for minorities are offered by the University of Delaware, but not the community college. A program for immigrants was taken over by the State Department of Justice.

The courses offered in adult schools in elementary/secondary districts is at a completely different level from that offered by the community college. One campus offers Adult Basic Education.

The state has provided special funding to the Community College for economic development courses. The only statutory change in the last five years affecting funding allows the system to retain tuition instead of depositing it into the general fund.

state: FLORIDA

date: 10-24-85

interviewee: Bill Odom, Deputy Director for Finance
State Board of Community Colleges
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(The Governance section of this profile is based on statutory research. The Finance section is based on the interview with Bill Odom.)

Governance

The 28 public community colleges in Florida are governed by boards of trustees in accordance with the rules of the State Board of Education and the State Board of Community Colleges. The State Board of Education may authorize a community college to operate an adult high school or an area vocational education school. A local school district, by agreement, may also authorize a community college to operate an adult high school.

The State Board of Community Colleges answers to the State Board of Education and is part of the Department of Education. It has power only to exercise statewide leadership in overseeing and coordinating the individually governed public community colleges. State policy calls for "maximum local autonomy in the governance and operation" of such colleges. [Fla. Stat. Ann. sec. 240.305 (West's Supp. 1985)].

The new funding system requires individually negotiated appropriations for each college, and enrollment is involved only

in its affect on workload, which minimizes the problem of shifting enrollments.

The "primary mission and responsibility is responding to community needs for postsecondary academic education and postsecondary vocational education." (Id. sec. 240.301). The law designates the primary mission and the first priority in state funding to be:

- transfer instruction and associate degree programs, including college level vocational education;
- high school vocational education, subject to State Board of Education approval and pursuant to local school board agreement.

The secondary mission specified is providing:

- Community educational or instructional services that are not directly related to academic or occupational advancement;
- Adult precollege education, when authorized by the State Board of Education;
- Recreational and leisure services.

To receive state funding for community educational or instructional services, each community college district must present such programs and courses with a rationale to the Legislature which will determine priorities for the use of such funds.

Students must bear a part of the program costs for community education or instructional services and all the cost for recreation and leisure service classes.

Despite the emphasis on local autonomy, the statutes give the State Board of Community Colleges detailed supervisory and review powers, including approval of budgets and recommending

budget amendments. The State Board of Education by rule governs the standards of vocational education programs.

Financing

Community colleges in Florida receive funding from three sources: the Board of Community Colleges, State Department of Education, and the Department of Corrections. State funds cover 73 percent of the costs; tuition and fees cover 23 percent; and federal funds cover 4 percent. No local taxes are used.

Until 1969, community colleges were locally based and funded as part of local school districts. In 1969, community colleges were separated from school districts.

In 1972, state funding supplanted local funding, but there was still complete local governing control. Competition between school district adult schools and the community colleges was rampant, so the Legislature devised the Community Instructional Services grants, appropriated the money based on population in the 28 school districts, and funneled it through the Commissioner of Education. There were more units of delivery under the Department of Education, so the Legislature placed the responsibility there and established coordinating councils to negotiate which programs would be offered by which institution.

In 1983, The Legislature tired of local control of community colleges and established the State Board of Community Colleges to institute control of the expenditures and promote systemwide policy. Local boards still have control, but must persuade the State Board to recommend funding for their proposed programs.

State funding of each community college is fixed by the Legislature based on the application of the statutory formula by the Board of Community Colleges to the requested budget. The appropriation bill's "letter of intent" has a line item for each community college. Since the State Board does the final estimating, there is a total dollar cap.

In the close-out procedure at the end of the fiscal year, if a community college's enrollment has dropped more than five percent, it must return the excess. For example if enrollment drops six percent, the community college returns one percent of its budget to the Board of Community Colleges, which then redistributes the funds on the basis of actual enrollments.

The community college budgeting process is incremental, but the increments are formula-driven. The first component is the expenditure base for the prior year. The second is an increment based on the estimated continuing expense increase calculated according to a formula composed of salaries, expenses, utilities, equipment and part-time instructors.

The third component considered is workload which consists of three factors:

a. Enrollment (the historical expenditure per student times the estimated change, up or down, from the previous year to the new budget year);

b. New facilities coming on-line (a set amount times square footage for ooperating expenses such as custodial staff, utilities, etc.);

c. New and improved programs (a factor based upon local community college requests, e.g., additional equipment for especially high cost programs or the new remedial program for college preparatory courses mandated by the Legislature to finance the labs needed for science courses, etc.).

In the enrollment factor of the workload component of the formula, distinctions are made. To calculate the FTE for credit courses, they determine the total credit hours of instruction generated divided by 40 to get an annualized FTE, using enrollment from the two semesters and the summer session. To calculate FTE for non-credit courses, they count the number of contact hours in class and divide the total by 900.

The Florida community college system offers only postsecondary courses, except as noted below. In calculating the workload factor, the Community College Board differentiates by curriculum to reflect the differential cost of maintaining particular programs:

a.	college transfer	$ 750 per FTE
b.	vocational/technical transfer	1100 per FTE
c.	college preparatory	780 per FTE (rising)
d.	supplemental vocational programs (These are for recertification, vocational upgrading, e.g., nursing.)	700 per FTE

There is no state funding for recreational/avocational programs, but local community colleges may offer such courses on a cost recovery basis. The aggregate of such courses in each

community college is multiplied by 125 percent to cover overhead. It is 125 percent of direct instructional costs. The State audits all programs and budgets.

Beyond the formula-driven budgeting process, community colleges may apply for other state funds for particular programs:

1. Academic Improvement Trust Fund - The state matches local funds.

2. Sunshine State Skills Program - In this one-shot program, the community college identifies the costs and the number of people involved, and the State matches business/ industry funding to support the program.

3. Community Instructional Services - Non-credit courses for senior citizens and the community at large are funded through the Department of Education. The community college applies to a regional coordination council (there are 28 of them), consisting of the superintendent of schools, the president of the community college, the occupational staff, and if appropriate, a university representative (there are nine state universities), plus half of the members are lay persons in the district. The council decides whether there is a need and which institution will provide the service. The Legislature appropriated $6.5 million to be allocated to the districts based on population.

State funding to encourage offerings to particuar categories of people includes the following:

1. Senior citizen tuition waivers. These students are not counted in the FTE except in the close-out phase of the budgeting process when a college's enrollments fail to meet the estimates. The waiver is offered on a space-available basis. There is no direct funding.

2. Displaced homemakers, etc., are covered under Community Instructional Services (CIS).

3. Community colleges contract with the Corrections Department for prisoner education, but don't count those students in FTE, because the funding flows through the Department of Corrections.

4. High school graduates who cannot handle college work may take state-funded college preparatory courses offered pursuant to state mandate.

5. Auxiliary learning aides for postsecondary handicapped students are obtainable through a state grants program administered by the Commissioner of Education.

Only the elementary/secondary school districts, the community colleges, the university system, and the Corrections Department provide educational services to adults. The Department of Labor and Department of Health and Rehabilitation Services do not offer courses, but funnel federal funds to the educational units.

state: GEORGIA

date: 10-25-85

interviewee: Dr. Haskin R. Pounds
Vice Chancellor, Research and Planning
University System of Georgia

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The junior college system in Georgia is funded by state appropriations (80%), tuition (20%), and federal grants (negligible). The 15 junior colleges are funded and operated in the same way as the other public institutions of higher education in the state. Some time ago, the Governor's Office, a Legislative Committee, and the Board of Regents for the University System agreed informally to a formula for generating proposed budgets. No caps in the formula affect the junior colleges.

The Board of Regents, however, does not allocate the budget on the basis of a formula. It considers the circumstances, and the decision-making is flexible. For example, if enrollment drops, the institution might not lose funding proportionately. If enrollments rise unexpectedly, however, there is no "make-up."

Under the budget process formula, a different level of funding is allocated to each of five program categories. The differentiation reflects the variance in cost:

1. liberal arts
2. technical
3. health professions (second highest cost)
4. remedial (lowest cost)
5. medical (highest cost)

Only degree credit courses are state funded. There is no continuing education in the counties. The Board of Regents sets the tuition. It is lowest for the junior colleges. Continuing education and recreational/avocational courses are self-supporting, with respect to direct instructional costs. The state provides for administration, for example, by funding a coordinator of continuing education. The institutions also fund such courses through contracts with businesses or other agencies such as the Department of Corrections or Rehabilitation.

Through a constitutional amendment, senior citizens may attend any course on a space available basis without paying tuition. About 175-200 seniors attend each quarter. Some programs are exempted, e.g., medicine and law. The Board views the waivers as good public relations with little burden.

The junior colleges may also waive tuition for foreign students up to one percent of their FTE. Foreign students who are employees of the school do not have to pay the out-of-state fee which is normally added to resident tuition.

All institutions in the university system, except Georgia Tech, award associate degrees. Thirty private colleges also compete for the adult or continuing education. The State Department of Education supervised GED programs, but junior colleges often provide it. Continuing education can be offered by any institution which can meet the market demand.

Just this year, the Legislature created a new board the Board for Postsecondary Vocational Education. It has taken over

25-30 vocational technical schools developed and operated by the State Board of Education. No high school diploma is required to enroll. The Legislature provides "quick-start" grants to the new Board for special training of employees in new industries. Contact Dr. Ken Breeden, Director, for information, (404) 656-5845.

Although a revised constitution was adopted recently, there were no changes affecting the University System. The Board of Regents is created by the constitution, so changes concerning its powers are rare.

state: IDAHO

date: 10-23-85

interviewee: Roland Jurgens, Dean of Administration
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Idaho has two junior colleges. Seventy-five percent of the state funding for them is split 50/50. The remaining 25 percent is allocated on the basis of FTE enrollments in credit courses for the prior fall semester. Remedial and academic courses are given for credit. Non-credit courses of a public interest, hobby, continuing education, recreational, or avocational nature must be self-supporting through tuition. The Academic Dean of Instruction determines whether a course is credit or non-credit. Although the board of trustees of each college determines the tuition level, state law sets a maximum.

State law also determines the maximum levy that the taxing authority (county) can assess. The taxing authority for the local county can bill all other counties whose residents are students for a share of the FTE which is calculated on the basis of the difference paid in residence and non-residence tuition.

The state funds 25 percent of the cost, local tax sources 26 percent, tuition and fees 13 percent, contracts for vocational education 11 percent, and federal funds or special grants 7 percent.

There are no special state funds to encourage offering programs for target groups of people. Displaced homemakers and

unemployed are offered programs funded by federal grants. Neither community college services the prison population. The state Legislature talks about encouragement of economic development, but no money has been directly allocated to the community colleges for this purpose.

No major changes in the statutes governing the community college funding has been made in the last five years.

state: ILLINOIS

date: 10-29-85

interviewee: Penny Wallhaus, Director of Fiscal Planning
Illinois Community College Board
509 South Sixth Street, Room 400
Springfield, IL 62701
(217) 785-0087

Illinois has 39 community college districts. Thirty-eight are locally governed and state-supported through a series of grants, local taxation, tuition, and miscellaneous sources. One state community college has a Board appointed by the Governor. It was experimentally formed in East Saint Louis where the tax base is low and both the industry and people are leaving. The State Board tried to govern it for a while, but found the system unworkable, so now the Governor appoints a Board consisting wholly of local people.

Area vocational training centers are mostly situated in high schools and serve adults, but are State Board of Education turf. For information on the system, call Jim Galloway, (217) 782-4870.

To generate the budget for community colleges, the State Board uses a cost-based, enrollment-driven formula. (See Funding Plan attached.) The Board calculates the resources required and subtracts the revenues available from tuition, local taxes, state grants, and miscellaneous sources to determine the residual to be funded by credit-hour grants. Each year the Board conducts a cost study to keep the credit hour grants related to actual costs.

Credit hour grants are based on programs in seven areas. For fiscal year 1986, the amounts granted were as follows:

1.	baccalaureate general education	$24.90 per hour
2.	business programs	16.20
3.	technical programs	27.86
4.	health programs	58.48
5.	remedial programs in computation, communication, and reading to prepare people with high school diploma to handle college work	23.83
6.	Adult Basic Education, ESL and GED	12.66
7.	general studies	1.00

Credit hours of instruction are the building blocks of the budget. Illinois bases budgeting on the last available data, i.e., uses enrollment figures for two years ago. The goal is stable funding. The appropriation caps the funds available, and the rates are set accordingly, but once the rates are set, the colleges know what they will receive. They may get reimbursement for fewer than the actual number attending if enrollments have risen, but they are also reimbursed for students not there if enrollments fall. The above formula is the major portion of the budget allocation, but in addition, the colleges receive restricted grants as follows:

1. Disadvantaged students - The oldest grant program (about six years) will provide $7 million in Fiscal Year 1986 to the colleges for tutoring and support services,including testing and placement, as well as some instruction. The

funding is allocated as a flat grant of $20,000 to each campus and the rest is distributed on the basis of enrollments in remedial courses, Adult Basic Education, and GED.

2. Economic Development Grants, begun three years ago, provide $3.5 million distributed (a) as $30,000 per district for a business assistance center and (b) the remainder on the basis of enrollments in occupational areas to support economic development activities. These grants are distributed by the Department of Community Affairs to encourage contracting with local businesses to provide courses related to economic development.

3. Advanced Technology Equipment Grants, a two-year old program, will provide $2,350,000 in FY '86 for advanced technical equipment and peripherals for any program in any community college.

4. Equalization Grants are intended to reduce the disparity in local revenues available. They move those districts that are below the standard up to the base line to assure an equalized assessed evaluation per student in each district.

5. To help small schools in rural areas, the Board uses a fixed cost component covering three fixed cost areas to allocate more support to these colleges.

Continuing education, community education, or public service courses are not directly funded by state grants, but they are set

aside in the formula and "protected" with the effect that these self-supporting coures increase the credit hour grant and the effect is to encourage such courses.

The approximate proportions of revenues by funding sources are 33 percent each from state funds, local funds, and tuition. The proportion changes, depending on enrollments. When they drop there is more dependency on tax support. For example, the state funding portion increased as tuition dropped:

Source:	FY '78	FY '85
State funds	30 percent	36 percent
Local funds	37	37
Tuition	27	20
Miscellaneous	6	7

The state statutes require community colleges to waive credit course tuition for anyone over 60 years of age with an income of less than $12,000 per year. Many colleges have more liberal policies with age eligibility as low as 50 to 55 years and no income qualification. No one checks the income level even under the state policy.

The colleges participate in federal programs for displaced homemakers and the unemployed. Some colleges contract with a share for the employer. Some colleges have extensive programs dependent upon JTPA and Economic Development Grants through the Department of Community Affairs. The latter are not as focussed as the former. The colleges also contract with the Corrections

Department to serve the prison population. Private community colleges and some universities also serve that population.

The FY'87 budget is focussing on quality issues, such as undergraduate education and the status of AA degrees. Some dollars will be targeted to support retention of minorities and literacy programs. The Secretary of State's Office is focussing on illiteracy and gives grants to community colleges and libraries to provide model programs involving many volunteers.

There is always a problem with competition between adult schools in elementary/secondary districts and community colleges. Service delievery units have been formed to assure cooperation concerning delivery of ABE and GED programs. Regional delivery of vocational programs is being developed under the education for employment initiative. The area vocational technical centers are in trouble in the interviewee's perception. There is also a move to articulate high school, community college, and university programs.

There have been no major changes in the statutes governing the comunity college funding in the last five years other than a trend toward restricted grants for initiatives moving programs toward attainment of state priorities.

state: IOWA

date: 10-28-85

interviewee: Charles Moench, Director of Area Schools
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Iowa has 15 institutions in "merged areas" that cover all counties. Thirteen are area community colleges with authority to grant two-year degrees and offer transfer programs. Two are area vocational schools without baccalaureate programs. Originally school district based, the community colleges offer comprehensive programs in ABE, GED, general education, career courses, preparatory programs, and customized training for the health and industrial sectors.

Each college is governed by a locally elected board of directors consisting of five to nine members. The State Board of Public Instruction approves the programs, but not the courses, and handles the reimbursement from federal grants.

The state supplies 40 percent of the operational cost in general aid and another 5.5 percent in state vocational education aid. Local tax sources provide 11.5 percent; tuition and fees 25.5 percent; and the rest is covered by federal funds and other sources, such as gifts and interest. Recreational/avocational courses are self-supporting.

The community college boards can impose a 20.25 cent levy for the operational budget without a vote. With consent of the

district voters, the boards may also levy up to 20.25 cents per thousand assessed valuation for the plant fund. A statute subject to a 1988 sunset provision allows an additional three cent levy for equipment. Statewide, these levies raise 11.5 percent of the total operational budget. Two of the community colleges also have bonding authority.

The budgeting process at the state level is not formula driven. In the last 16-17 years, the procedure has been for the Board of Public Instruction to ask the General Assembly for a line item appropriation for each school. No "absolute" formula has been used since 1969. The Department has tried to bring the colleges together to get a formula approach. There was much bitterness among districts during the last legislative session, because some of the districts are growing faster than others and feel under-supported.

The State Board looks at what the colleges need and uses an incremental approach to determining budget requests. They take the preceding year's enrollments and expenditures and project that data to calculate next year's budget. The information is in effect about two years old. The State tries to use zero-based budgeting procedures, but essentially the Board just looks at the institutions' current status and moves them forward. Although they have tried to use the average program cost for the 145 programs, they ended up with an incremental appropriation.

The appropriation goes to the governing boards of the institutions through the Department of Public Instruction. The

Department may also pass along cuts. In 1985, the Department required a 3.85 percent reduction, which the local boards handled by determining where to cut on the basis of lower support. The appropriation bill indicates the dollar amount per school or may indicate the intended procedure for allocation, but no real formula is involved.

The state vocational funds are administered by the Department of Public Instruction which decides where the 5.5 percent of the funding will go. The decision is usualy based on what the institution has been doing and where it is going, i.e., essentially the Board uses an incremental approach.

By local decision, the colleges may offer a "golden eagle pass" or tuition waiver to persons 65 years of age on a space available, auditing basis. For purposes of state aid, all students are treated the same. Federal funding supports programs for displaced homemakers and the unemployed. The colleges work with southeast Asia Laotians by setting aside funds for them first, but most efforts are integrated in the literacy program.

The colleges work with the Department of Corrections. About one percent of the vocational funds are set aside for that population and JTPA federal funds are used for them. The programs and methods of funding vary among the correction institutions. The pennitentiary depends on the Department and area college contracts. Judicial districts operate half-way houses and turn to the colleges for assistance.

The Iowa Development Commission administers a unique program when area businesses need help. The college can sell certificates to fund a customized instructional program and then pay off the cost over ten years from two state sources:

1. Incremental taxes from the new industry and
2. 1.5 percent of state withholding income tax.

The program may last only one year and the cost be paid off over ten years.

In terms of continuing education for adults, there are no postsecondary studies in the elementary/secondary school districts. Courses may be offered in their facilities, but only through cooperation with a community college. The public universities offer some extension courses. The Department of Correction contracts with the community colleges for much of their educational program and hires teachers directly for JTPA programs. The community colleges handle the greatest volume of state-funded continuing education for adults. The next greatest volume is handled by private colleges and university extension programs.

There have been no major changes in the statutes governing the community college funding in the last five years, but the Department of Public Instruction is trying to get agreement on a formula.

state: KANSAS

date: 10-28-85

interviewee: Dr. John Hanna
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The 19 Kansas community colleges are supervised by the State Board of Education, not the agency for higher education. Essentially a locally governed system, the colleges receive 26 percent of their revenues from the state, 15-16 percent from tuition, and 45 percent from local tax levies. Eighteen of the 105 counties support their community college(s) with mill levies of 10 to 32 or 33 mills. Locally elected boards consisting of six members employ the college president and govern their respective institutions.

The state aid allocation is based on a formula driven by credit hours. Both on and off-campus courses within a service area generate credit hours. Up to 14 counties may comprise the designated service area, but only the home county may assess a levy for the community college. The State Department of Education approves courses, programs, and off-district offerings in advance. It also accredits institutions.

The state provides $26.25 per credit hour for approved academic programs and 1.5 times $26.25 for approved vocational courses. If obviously a recreational course, it must be self-supporting. Those in the gray area such as woodworking, guitar,

and oil painting, elicit Departmental scrutiny, but are currently approved. No attempt to determine student intent is made. A policy change is under consideration.

Community service or continuing education courses are not eligible for the credit-hour aid, but are funded under a separately funded economic development program. The Department of Education cooperates with the Department of Economic Development to provide projects planned in cooperation with industry.

When enrollments exceed expectations, the Department seeks supplemental funding. If enrollments drop, however, the appropriated excess funds are not returned to the general fund. No major statutory changes in the community college funding have occurred in the last five years; only adjustments in the rate paid per credit hour have been made.

No tuition waivers are permitted. Only federal funds are used for displaced homemakers programs. JEPTA funding supports programs for unemployed persons. Seven community colleges contract with the Department of Correction to serve the prison population. No special state funding supports the education of immigrants or minorities.

The adult education centers in both the community colleges and the elementary/secondary school systems rarely compete for students. The public universities also provide extension courses. The Department of Correction receives an appropriation for education in its budget, but contracts for the services.

The Kansas Department of Vocational rehabilitation provides social and rehabilitative services. The State Board of Education supervises 13 vocational-technical schools that serve both high school and adult populations. They provide one to two year cetificate programs, but are not accredited and do not offer college credit courses.

The State Department of Education is concerned that the present funding system does not guarantee a minimum level of quality, because county resources are so disparate. The colleges receive a state check in December based on the previous year enrollments. The Department is currently interested in methods to use the same level appropriations more effectively.

state: KENTUCKY

date: 10-29-85

interviewee: Charles Wethington, Chancellor
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Kentucky operates thirteen community colleges in the Kentucky Community College System. All four-year institutions are authorized to offer "programs of a community college nature." Some offer two-year AA degrees. There are one or more such programs in each institution. Only thirteen public community colleges operate as part of the System. Local tax support aids only two of these colleges, a hold-over from an earlier system. The city contributes less than five percent of operating cost.

The same formula is used to build funding requests for all units in the higher education system. The appropriation is not allocated according to that formula exactly. The budget request formula is reflected in the formula use policy which determines the allocation of funds. In the past the University has provided an across-the-board increase equivalent to the cost-of-living increase for each institution. It then allocates the remainder on the basis of the degree to which an institution is meeting the formula.

Major components of the budget-generating process include:

1. Student credit hours - the biggest factor. The data is

based on two semesters and the summer program added together and the total is divided by 32. Fiscal Year credit hours divided by 32 determine the FTE which multiplied by the average faculty salary generates the FTE Faculty item.

2. Student Services

3. Institutional Support

4. Items not common to all institutions.

The FTE faculty is determined by a faculty/student ratio which differs by program from an 8/1 to a 20/1 ratio in the community colleges.

Non-credit courses are self-supporting. The state appropriation per student in the community colleges varies from $2100 - 2200. Tuition per student is $520 per year.

The vocational technical schools are supervised by the State Department of Education. For more information call Wilburn Pratt or Audrey Carr. Adult Basic Education and the GED program are handled by the State Department of Education, and in only one case has a community college been asked to provide these programs.

The public schools are involved in adult continuing education, but are not in competition, because there is more than enough demand to go around. There are no specific agreements. A major part of the community college program is continuing education.

Senior citizens may attend tuition-free. There is no restriction on the numbers, and they have the same access as

other students. Their credit hours count toward the funding. In essence, the institution pays the student's portion.

Displaced homemakers used to be funded by CETA and state funds. The number of students and programs has declined, but some JTPA funding is being used to support these efforts.

The state funds one-shot type programs for the unemployed, especially in the mining industry. Two community colleges in three locations also serve the prison population. A state desegregation plan for higher education provides scholarships for black students in the transfer program. Approximately $85,000 for all higher education units is available for this program. No special funding assists immigrants at this time.

Two years ago the state formed the Blue Grass State Skills Association to have an entity to channel dollars into high skill programs, similar to MA programs. The state higher education system is heavily involved with the commerce cabinet. There is much potential, and it coordinates limited funds that flow through in operation for one year.

The elementary/secondary school districts operate vocational/technical schools and provide programs for adults in evening secondary education centers. The universities also offer extension courses.

The State Department of Vocational Rehabilitation is part of the Cabinet for Human Resources and provides support for the education of clients with the help of JTPA funds. The Labor Department and Department of Commerce cooperate, but do not mount

their own educational programs. The community colleges handle the greatest volume of state-funded continuing education for adults.

There have been no major changes in the statutes governing the community college funding in the last five years. The formula used is not statutory. The Council for Higher Education coordinates all institutions and develops the formula for generating the budget.

state: LOUISIANA

date: 10-25-85

interviewee: William Arceneaux
Commissioner of Higher Education
Louisiana Board of Regents

(504) 342-4253

There are four two-year schools in the Louisiana system of higher education. The community college system is funded by state appropriations (85%), tuition (15%), and federal grants (negligible). They use a formula-driven budget process, which is the same for all the institutions of higher education. The formula is based on levels of programs differentiated by discipline. Eighty percent of the community college budgets is generated by a student credit hour based formula.

The Louisiana Board of Regents approves all academic programs. The community colleges can seek state aid only on the basis of credit hours generated by credit courses that qualify as lower level undergraduate courses. The community colleges may offer non-credit courses on a direct cost basis. The state provides only indirect support. Twenty percent of their budgets are based on other factors.

There are no caps in the formula determining the budget, but the Legislature determines the size of the pie, which is not always as large as the formula would justify. The Board of Regents allocates the appropriation on the basis of the formula,

however, so that the institutions receive a proportionate cut. The formula determines the slices. (He will send formula.)

The vocational technical postsecondary system is under the aegis of the State Department of Education. Their institutions offer non-credit courses. They do not award degrees. They provide the courses for prisoners. The contact person is Florent Hardy, State Department of Education, (504) 342-4411.

Tuition waivers for persons 65 and over are granted on a space available basis. There are no special funds, but the number who participate are spread out and it is not burdensome.

There may be special state funding for displaced homemakers through the Louisiana Bureau for Women to fund non-credit courses.

Special funding for minorities is available at all levels of higher education, but there are no special programs for immigrants.

The state has a strong interest in supporting economic development, but is doing so through programs funded through the State Department of Commerce to encourage research at the graduate level in bio-technical, medical, and agricultural fields.

The public elementary/secondary schools have adult schools. There is virtually no competition between them and the community colleges, because there are so few two-year colleges.

There have been no major changes in the statutes governing the community college funding in the last five years.

state: MAINE

date: 10-30-85

interviewee: Rodney Redding, Director of
Postsecondary Vocational Education
Bureau of Instruction
State House Station 23
Augusta, ME 04333
(207) 289-2621

Maine does not have a community college system in name, but the six vocational/technical institutions established to meet regional needs are de facto community colleges. The University of Maine never "bought into" the community college model. Forty-five percent graduate with an AAS degree; the rest are in certificate programs.

The Legislature appropriates funds for the system on two bases:

Part I - a continuing budget for maintenance of programs;

Part II - requests for new and expanded services based on projected costs (a political consideration).

Of the 24 million dollars in annual operational costs, the State provides 18 million, federal funds 4 million, and continuing education tuition the remainder.

For twenty-five years the appropriation has been made to the State Board of Education which was the governing body for the system. Now the system is in transition, and effective July 1, 1986, there will be a separate Board for Vocational/Technical Colleges. The initial legislation for the change has passed, but enabling legislation is still required and will be submitted in

February. The new Board is already meeting without authority to act, but it is working on implementation legislation to be recommended.

The system has been fully funded from the general fund. Tuition and fees flowed into the general fund, except those received in the continuing education program. The Board will try to change that system.

The continuing education or adult education segment is self-supporting. The revenues are to be used for continuing education and are based on direct instructional costs, plus a lttle rental sometimes, if the course is given off-campus. The high schools also offer adult continuing education, so there is some overlap. The largely rural nature of Maine eliminateds direct competition between the regional high school vocational centers and the vocational/technical institutes. Both are "tied" to the Bureau of Instruction.

The Department of Education and Cultural Services consists of five bureaus, one of which is headed by a Director of Adult and Continuing Education who handles both postsecondary and secondary programs for adults. There is some duplication, e.g., welding is also wanted by the high schools. There is, however, general consensus on which institution will offer what.

Senior citizens, age 62 or 63, are eligible for tuition waivers. There are programs for displaced homemakers and the unemployed (JTPA). At least one program funded by the Carl Perkins Act (federal) services the prison population, and some

programs are funded cooperatively by the departments, but not much is done in correction education. Native Maine Indians get tuition waivers, but no state funding is targeted for immigrants.

The State Economic Development Commission has not been assertive about encouraging economic development through special funding of courses or programs in or through the vocational/-technical institutes. Pratt & Whitney, however, benefitted from state funding through several agencies to help them meet their machine-tool needs. Such cooperation is not the rule.

The Bureau of Vocational Rehabilitation is part of the Department of Human Services and funds individual's education expenses. The Labor Department is very good at coordinating occupational information on jobs, qualifications, and the location of programs for the high schools and vocational/technical institutes. Unemployed persons can get unemployment compensation while going to school.

It is not clear which agency handles the greatest volume of state-funded continuing education for adults. There are 3500 full-time students in the vocational/technical institutes and 14,000 students in continuing education programs. The GED program is tied into the high school adult and continuing education programs.

There have been no major changes in the statutes governing the vocational/technical institutes in the last fifteen years, except for the governance change now being undertaken. The Board wants a one-time lump appropriation and to retain tuition.

state: MARYLAND

source: Maryland State Board for Community Colleges, "State Plan for Community Colleges in Maryland," June 1984

In 1976, the Maryland General Assembly created a State Board for Higher Education with authority to "approve new programs, review institutional operating budgets, and establish guidelines for tuition and institutional salaries."

The community colleges are part of the state system of higher education. The State Board for Community Colleges guides and coordinates the policies and operations of 15 community college boards of trustees which govern a total of 17 colleges. The Board advises other agencies on the establishment of such colleges and recommends, reviews, and advises on curriculum proposals for new colleges and on any proposed major addition to or change in programs in existing colleges.

The State Board maintains an information and accounting system for community college activities and administers state funding. It also coordinates relationships between the colleges and other institutions. The State Board is served by a professional staff of seven persons headed by an Executive Director.

Maryland traditionally relies on local control of community colleges. The boards of trustees control their colleges through regulations, appoint a president, fix salaries and tenure of all employees, determine entrance requirements and approve curricula (subject to minimum state standards), establish the budget, and

exercise other powers necessary to accomplish their responsibilities.

Curricular offerings include:

- transfer programs offering the equivalent of the first two years of a bachelor's degree program;
- career programs offering technical, vocational, and semiprofessional education; and
- continuing education programs.

The State Board of Community Colleges interprets this statutory language to provide two types of academic programs: transfer and occupational. Statewide student follow-up studies show that many persons aspire to less than the associate in arts degree, so the colleges are increasing their certificate offerings. The Board reports an increasing emphasis on occupational programs as "statewide enrollment in these programs increased from 37 percent of the total enrollment in 1974 to 49 percent in 1983." Over half the associate degrees awarded in 1982-83 were for occupational programs. To reduce duplication, 34 instructional programs are designated "statewide" and are open to all Maryland residents.

Defining continuing education as regularly scheduled noncredit courses designed to "meet the needs of part-time and returning students," the State Board for Community Colleges provides state support only for those state-approved courses "that are offered to satisfy the vocational development, professional development, and self-development needs."

The state does not fund community service activities which

are defined as activities, other than formal courses, that are "developed for the growth, education, development or enrichment of Maryland citizens and groups. . . . Many community service activities are targeted for special populations identified by federal, State, or local governments and generally are short-term in nature."

Each continuing education course "for which State aid is requested must be submitted and reviewed individually for analysis of its goals and objectives, instructional methodology, course length, location, and target population (if applicable).

Funding

The description of funding formulas in the Maryland State Board for Community Colleges "State Plan for Community Colleges in Maryland," June 1984, is reproduced on the following pages.

FINANCING CURRENT OPERATIONS

OPERATING BUDGET FOR AGENCY AND COMMUNITY COLLEGE SYSTEM

The Board's projected operating budget is divided into three categories: State Aid to Community Colleges (including Social Security, Statewide Programs, Aid to Garrett Community College for West Virginia residents enrolled under an interstate agreement, Full-time Equivalent Student Based Aid, and the Optional Retirement Program), General Administration, and Federal Funds (Table 4). The General Administration budget represents less than one percent of the total allocation for the agency.

CURRENT FUNDING FORMULAS

In accordance with statutory provisions, community college operating costs are financed by three major sources: the State, the local political subdivisions, and students through tuition and fees. Section 16-403 of the Education Article of the Maryland Code specifies the operation of the community college funding formulas.

Community college budget requests are developed by individual community colleges and are submitted by the college boards of trustees for consideration by the governing bodies of the sponsoring political subdivisions. The operating budget must be approved by the respective county/city government.

State Share: The level of State support is based on an enrollment-driven formula and funding is contingent on actual enrollment. It is reasonable to assume that the State should continue to increase the present State aid rate structure in order to keep up with rising costs and to at least maintain the current proportion of State support.

The fiscal commitment at the State level under current statute is primarily based on institutional enrollment and provides a maximum dollar aid rate per full-time equivalent (FTE) student. The State funding formula is illustrated in Table 5. The State share is 50 percent of the current expenses of each community college but shall not exceed $910 per full-time equivalent student (covering thirteen of the seventeen community colleges). Also, these colleges receive $14 per part-time credit student enrolled at the institution and a flat grant of $270,000 per each college board of trustees . The State recognizes that the higher costs at very small institutions and at regional community colleges require differences in the amount and proportion of State support. For small/regional institutions the State share is 55 percent of the current expenses but shall not exceed $1,720 per full-time equivalent student.

Graph 2 reflects the actual systemwide level of State funding for community college current operations from 1979 to the 1984 fiscal year.

Local Share: Current statute requires that the local political subdivision contribute a minimum of 28 percent (covering fourteen of the seventeen community colleges) and 32 percent of the other three institutions (Cecil, Chesapeake, and Garrett). Table 6 shows the dollar amount and percentage of local support for each community college. Graph 2 also reflects the actual systemwide level of local support for current operations FY 1983.

Table 4

STATE BOARD FOR COMMUNITY COLLEGES
PROJECTED AGENCY EXPENDITURES
(STATE AID LIMITED TO STATUTORY MAXIMUM)
FISCAL YEARS 1985 - 1990
(In Thousands)

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990
State Aid under Statutory Funding Formula:[1]	$70,469	$70,686	$72,738	$75,030	$77,228	$79,460
Employer Share of Social Security[2]	5,488	5,778	6,124	6,492	6,881	7,294
Statewide Programs	85	135	140	145	150	155
West Virginia Residents at Garrett	49	69	69	69	69	69
Optional Retirement Program[3]	1,168	1,285	1,414	1,555	1,711	1,882
SBCC Administration[4]	501	529	555	582	611	642
Federal Funds:						
Vocational-Technical Education	75	75	75	75	75	75
Job Training Partnership Act:						
Grant Administration	52	52	52	52	52	52
Coordination Grants	437	437	437	437	437	437
TOTAL	$78,324	$79,046	$81,604	$84,437	$87,214	$90,066

Assumptions:

[1]

	1985	1986	1987	1988	1989	1990
Aid rate	$910/$1,720	Anticipated aid rate increase not included due to formula study	2% rate increases and 1% enrollment growth			
Flat grant	$270,000					
Part-time rate	$14					
Part-time credit students	113,516					
Full-time equivalent	69,300	69,300				

[2] Six percent inflation factor.

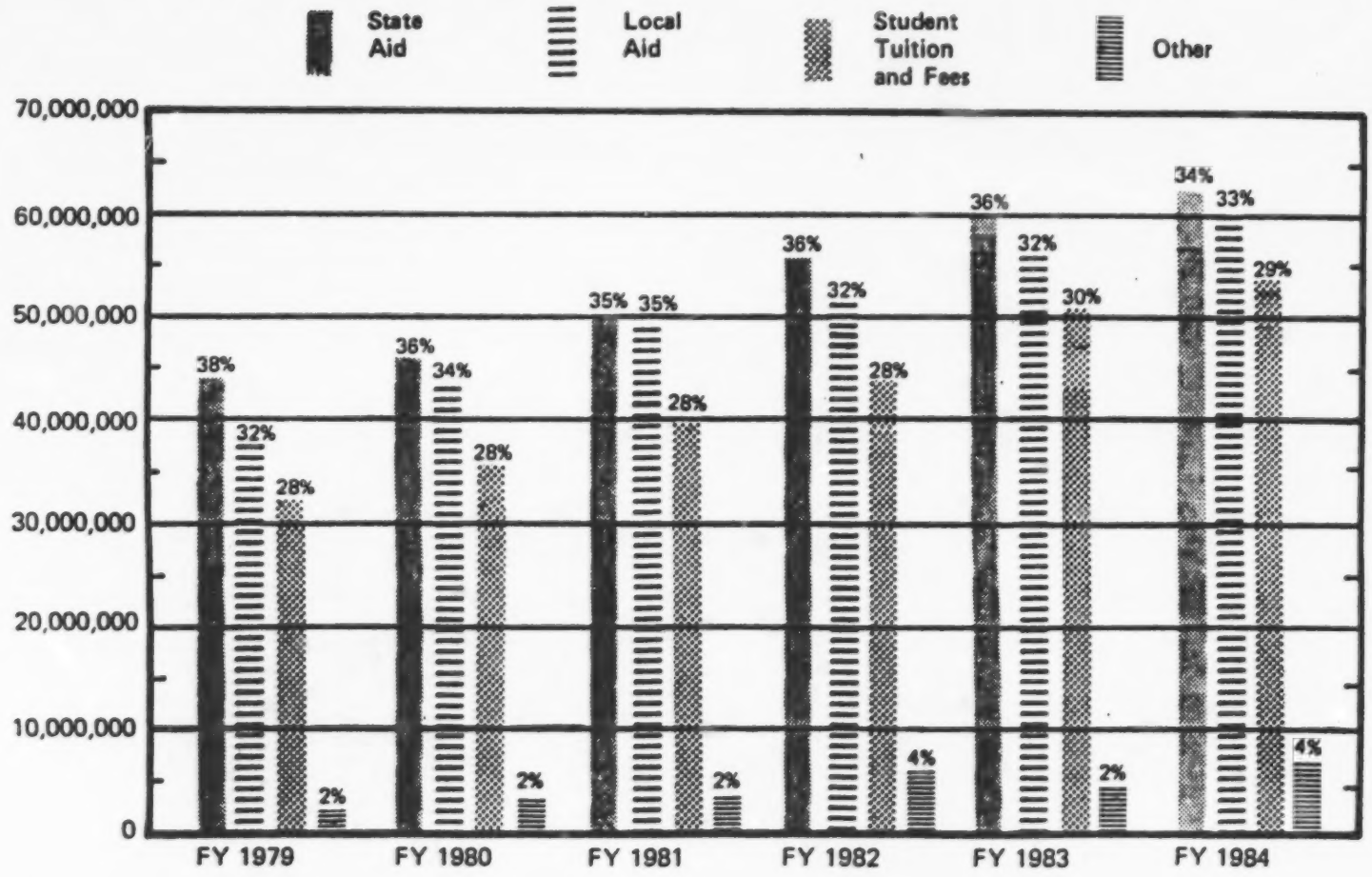
[3] Four percent new participants and 6 percent inflation factor.

[4] Five percent inflation factor.

Carnegie/CSCC/LMP/MD/copy

Graph 2

CURRENT UNRESTRICTED REVENUES BY SOURCE
MARYLAND COMMUNITY COLLEGES
FISCAL YEARS 1979 - 1984
(Systemwide)



FY 1979 - 1983 - Actual FY 1984 - Budgeted

Carnegie/CSCC/LMP/MD/copy

state: MASSACHUSETTS

date: 11-22-85

interviewee: Mary Spolidoro, Fiscal Affairs
Board of Regents of Higher Education
McCormick State Office Bldg, Rm 619
1 Ashburton Place
Boston, MA 02108-1530
(617) 727-7785, ext. 209

The seventeen community and technical colleges in Massachusetts are totally state-funded. Tuition represents about 28 percent of the expenses, but the system does not retain the revenue. It goes to the state treasury.

A "sort of" formula is used to develop the budget in two parts for both the state universities and community colleges. The first part, maintenance, constitutes 85 percent of the budget and is developed through an established formula. The second part consists of requests for new programs. The Board of Regents sets forth the guidelines and priorities for the 15 percent of the budget that represents expansion.

The formula removes much of the guesswork in the maintenance section. In consultation with the colleges, the central office develops the budget as follows:

1. Beginning base = the current year appropriation
2. Deduct one-time expenses in last year budget request.
3. Annualize salaries funded only part of previous year.
4. Adjust enrollment estimates up or down.
5. Make adjustments for high cost course enrollment.
6. Apply an inflation factor.
7. Cover computer maintenance cost.

FTE is based on credit hours. Fifty credit hours equal a full-time student (FTS). After determining the average cost per student, a higher-than-average cost is assigned to engineering, high tech, and allied health courses. The adjustment in number 5 above is applied to the change in enrollments in those programs. No state funding supports continuing education. Such courses are totally self-supporting.

The state funds an extensive tuition waiver program that is currently in the $12-13 million range. It is taken off the top of the appropriation. There are programs for displaced homemakers, unemployed, prisoners, and non-traditional students. Waivers based on financial status assist minorities and immigrants. The large influx of Asian and Hispanic immigrants are aided by the general program, and curriculum is adjusted to meet their special needs.

The Board of Regents and the Governor are working with local industry to encourage economic development, especially in computer science and engineering for transfer students. The Bay State Skills Nonprofit Corporation matches industry funds to permit the community college to mount a program to retrain displaced or layed-off workers. For example, the community college nearest the Quincy shipyard will retrain the workers affected by the shipyard closing.

The Department of Education supervises the provision of Adult Basic Education and GED programs in elementary/secondary schools. There is sufficient competition among community colleges

and adult schools in high schools that the Office of Academic Affairs in the Department of Higher Education is currently trying to reach agreement with the State Department of Education about the resolution of the conflict. The interviewee hazarded a guess that the Department of Education programs served more adults than did the continuing education programs in community colleges, but the latter are gaining adult enrollment.

The University of Massachusetts offers extension courses, as do many of the private colleges.

Currently, only three community colleges provide courses in the prisons. The issue of whether the courses should be funded by the state through the Department of Corrections or the Department of Higher Education is unresolved. The community colleges simply waive tuition for the prisoners.

Interestingly, collective bargaining contracts covering state employees are more frequently including clauses that allow covered state employees to attend public institutions of higher education free of tuition.

The State Board of Regents for Higher Education was established five years ago. It established the formula for developing the budget and allocating funds to the institutions. Prior to that time, five segments of higher education were competing for the higher education dollars, the community colleges and state colleges offered similar programs, and there was no articulation or transferability of coursework.

state: MICHIGAN

date: 10-30-85

interviewee: Ron Root, Director of Higher Education Management Service
Michigan Department of Education
P. O. Box 30008
Lansing, MI 48909
(517) 373-3820

The Michigan Constitution guarantees governance autonomy to each institution of higher education, so there is no statutory state coordination of the community colleges. The power of the purse in the Legislature and Governor, however, gives the state leverage over institutional behavior in the 29 comprehensive public community colleges. There are no technical colleges.

The operational budget of $175 million per year serves an annual enrollment of 125,000 FTE. In fiscal year 1983-84, the state provided 37 percent from general fund revenue; local tax sources provided 25 percent; student tuition and fees supplied 32 percent; and federal funds, gifts, and interest (the greatest source) provided 5 percent.

In the past two years, Michigan has revised its funding formula from one based on credit hours to one based on contact hours, because faculty are paid according to their contact hours. The formula is heavily driven by enrollments, but includes tax equalization features, recognition of variable costs due to size, and cost differentiation among programs based on actual costs. (See R. L. Root, The Community College Funding Formula for Fiscal Year 1985-86, Michigan Department of Education, Sept. 27, 1985.)

Six years ago, in a thorough study of the system, peers in given regions revued 40,000 different courses from the perspective of advertisements, course content, and placement practices. Now, every time a course is changed in title or description, or a new course is added, the Department of Education reviews it and places it in one of the funding categories. The appeals process leaves the final decision with the State Department of Education.

There are 32 subject areas summed into six funding categories:

Course Category	Average Cost /Student Contact Hour
General (liberal arts)	$2.67
Business	2.05
Trades	2.93
Health	2.64
Developmental (remedial)	2.16
Human Development	1.79

Contact hours are based on faculty contact with students for 50 minutes of instruction. The average cost is built on the prior year's actual cost.

In the Human Development category, as of this year purely avocational courses must be self-supporting, but courses that concern home and family living skills, such as aging or home repairs tend to be funded, while dog training is not. Only two percent of the instructional activity is in this category.

Adult Basic Education and GED are not included in the Remediation category. Community colleges are involved only on a contract basis. The school aid Act places ABE under the jurisdiction of school districts.

Although currenty under-funded, the system is trying to catch up. If it uses average cost forever, it would make the institutions clones of each other, an unfortunate end in such a diverse state, according to the interviewee. The immediate goal is to bring parity to institutions in districts that range up to a 50 percent differential between the high and low tax bases. The next goal will be to assess the needs, e.g., the differences between urban and rural districts. Some districts have collective bargaining; others don't. Currently there is too much inequity.

The equalization formula compensates for a variance in the assessed value per student. Statewide, local taxes provide 25 percent of the operational funding, but the range is 5-50 percent on the same mill rate, due to the size of the tax base. The effect is that there is an 18 to 1 difference in revenues generated per student per mill levied.

(For a complete discussion, see The Community College Funding Formula . . . cited above.)

Granting tuition waivers for senior citizens is a local option, as is any other tuition waiver, e.g., for employees. Typically, persons 60 or more in age are offered such waivers, but there is no state aid beyond that generated by contact hours.

The Carl Perkins Act supports programs for displaced homemakers under a separate funding formula administered by the Department of Education. Community colleges apply to local councils for JTPA funding to support education of the unemployed. Statute gives the State Department of Education discretion to allocate up to eight percent of its funds, which may be used to help the unemployed.

Michigan has a Community College Job Training and Retraining Investment Fund administered by the Department of Education. Currently, a minimum of $80,000 is available to each community college annually for training which has a direct bearing on Michigan's economic development. The colleges may apply for any amount they need, and grants are awarded based on the availability of funds and the merit of the proposal.

Prisoners participating in community college courses are covered by the state formula, i.e., their contact hours are counted for funding. State appropriations in effect pay their tuition. The community colleges struggle with the problems engendered by overcrowding, new prisons, movement among institutions for security purposes, and lack of control of the conditions. One fifth of the students are lifers, some of whom are eligible for parole. If a prisoner takes the initiative, the local college will provide counseling and courses.

Minorities are not targeted as such, but economic disadvantage carries eligibility for funding, more at the four-year than two-year institutions. A new program is aimed at supporting

tuition of part-time independent students, based on need. The $3 million fund is in effect a double whammy for community colleges, because persons out of school for six years who attend school part-time are most likely to attend a community college. The fund increases the pool of students available, and their enrollment engenders greater state support. No special programs for immigrants are state-funded.

Other state agencies concerned with continuing education for adults include the Bureau of Vocational Rehabilitation in the Department of Education which provides tuition compensation. The Department of Labor signs off on the JTPA funds and contracts for courses with public, private and proprietary institutions. It has a $250,00 study in progress. The Michigan Employment Security Commission tends to be a referral agency with respect to education. The Governor's Office has an agency on Job Training which is like an adjunct of the Labor Department and has some resources. The Department of Social Services also trains clients in the welfare system. An inventory of such activities of state level agencies is currently under way. (See Governor's Office for Job Training, Michigan Job Training Clearinghouse, vol. 1, No. 1, Summer, 1985.)

The elementary/secondary school districts are in competition with the community colleges for students who have their high school degrees. The high schools can offer courses without charge to any graduate of that high school who comes back for additional education until age 20. The school district can count

that student toward state aid. The greatest number of adults in continuing education are those enrolled in the vocational education centers operated by the high schools.

The only major change in the statutes governing the community college funding in the last five years is the implementation of the new funding formula.

state: MISSOURI

date: 10-28-85

interviewee: Eldon Wallace, Senior Associate for Budget
Coordinating Board for Higher Education
101 Adams Street
Jefferson City, MO · 65101
(314) 751-2361

The ten community college districts in Missouri are an outgrowth of an expansion of the local school districts. There are essentially two groups: (1) Kansas City and St. Louis and (2) everybody else. The districts do not cover the state. The local systems are governed by boards of trustees that have total control over expenditures and programs. The law that established them is unchanged.

The community colleges are partially state-funded. Only coordination and budgeting functions occur at the state level. Next year the State will fund close to 43 percent of the operational budgets, somewhat below the 50 percent statutory cap. The local tax levies and student fees vary among districts, but each source supplies approximately half of the remaining funding. The size and wealth of the district determine the assessed value per student, a ratio that varies tremendously. There is, however, no power equalizing in the state aid formula.

State aid is based on credit hours taught within the district and the formula allows more for vocational programs leading to the associate degree than for general courses leading to the AA degree. To determine the costs of programs, the budget

forms ask the value (cost) of each subcategory of program. The State calculates the statewide average cost for each category, develops the weight differentials, projects the expected expenditures, and adds an inflation factor.

The appropriation to the Coordinating Board for Higher Education is distributed on the basis of the previous year's actual credit hours. The Board uses the same weight in appropriation allocation as in budget formulation.

The Coordinating Board distributes only state general revenue dollars. Last year, the Board recommended special funding for computers and lab books. The Legislature made a supplementary appropriation of $2 million which was distributed to the institutions. This year, the Board is asking for a similar appropriation. The vocational-technical funding comes through the Department of Education, a "hang-over" from the original system.

The state has no involvement in policies concerning tuition waivers for senior citizens. Some four-year institutions offer them, but none of the community colleges do, because it is "too costly for them." Federal funding for displaced homemakers or the unemployed is strictly a matter between the community college and the federal government. The state has a new Department of Economic Development, and the community colleges participate in programs funded by JTPA grants made by local councils.

None of the community colleges are close enough to the prisons to be involved in serving that population. The Depart-

ment of Correction has its own schools and hires certificated teachers.

There is no special funding for minorities or immigrants, but a scholarship program may help some ofthem. Of the $9 million appropriation for grants up to $1500 per student toward tuition and fees, $8 million flows to students at private institutions. The grants equal the difference beteen student resources and fees.

The districts often contract for out-of-district instruction and with businesses to provide training. They are free to negotiate any kind of contract that they wish.

The two-year institutions are in competition with 14 campuses of the four-year institutions for students. They also compete with the tuition-supported career centers operated by the high schools. The latter competition is not visible, but concerns the coordinators, who choose to "let it alone." The high schools probably handle the greatest volume of state-funded continuing education for adults, particularly if the GED programs are included.

No major statutory changes in community college funding have been made in the last five years. The Legislature can and has arbitrarily set the value per credit hour, but does not do that now. The only changes are "fine tuning." Appropriations used to be based on projected costs and distributed partly in advance and the rest distributed when actual hours were known. Allocation is now based on the previous year's credit hours and paid in one sum.

state: Montana

date: 10-28-85

interviewee: Mr. William J. Lannan
Community College Coordinator
33 South Last Chance Gultch
Helena, MT 59620
(406) 444-6570

The State shares governance of the three public community colleges with the local district. About five years ago, Montana changed its budgeting system from an incremental process to a formula-driven one. The Legislature determines the state's share of the unrestricted operational budget. It started at 53 percent, wanted to drop the share to 51 percent last year, but compromised at 52 percent.

The local district share is determined by subtracting from the budget the state appropriation, tuition, fees, and any other anticipated unrestricted funds. The local district requests the county commissioners to levy the millage required, and they must do so pursuant to statute. The community college may carry over funds not used, but the surplus lowers the mill rate rather than raising the unrestricted budget for the subsequent year. Grants and contracts are considered restricted funds.

If a college wants to increase its unrestricted budget, it can ask the commissioners, with the approval of the board of trustees, for a voted levee. The district budgets such funds separately and reports to the state both before and after expenditure just how the funds will be and were used.

Local voters provide capital construction funding. Two community colleges are coterminous with counties, and one is coterminous with a local high school district.

The unrestricted operational budget is determined by fiscal year FTE. The colleges operate on a quarter system and include summer credit hours in the calculation. FTE = $\frac{\text{credit hours}}{45}$ for the FY. The state does not fund community service courses or "outreach," i.e., courses provided outside of the community college education center.

A cost study done a few years ago established the "cost" per FTE. Only relatively minor increases for inflation have been made since then. There is no differential based on course category in the formula calculation. FY FTE x COST/FTE/college = the unrestricted budget for each college.

The local boards of trustees set the in-district, out-of-district, and out-of-state fees, subject to approval by the Board of Regents. The tuition levels among the three colleges are close, but vary, depending on how much the trustees want the taxpayers to pay.

While there is a push by the Governor's Office to build Montana's economic development, no money has been appropriated to fund special programs through the higher education system.

The colleges provide tuition waivers for senior citizens, but there is no appropriation to offset the loss of revenue. There are no state-funded programs for displaced homemakers, but the community colleges work with this group by providing

counseling and day-care. Similarly, the colleges work with the unemployed and cooperate with the Department of Labor to assist them. Because of geography, the University of Montana serves the prison population in an outreach program. Some help is provided native Americans, but no funding has been provided for immigrants.

The county commissioners have authority, subject to the Office of Instruction approval, to levy up to one mill to support leisure and vocational non-credit courses in the high schools. The community colleges can also levy up to one mill for community service, but it is treated as restricted funding. The Department of Vocational Rehabilitation also provides funds for people to attend courses, but deals directly with the person. The Labor Department helps people the same way. The interviewee estimates that the secondary schools handle the greatest volume of state-funded continuing education for adults.

state: NEBRASKA

date: 10-29-85

interviewee: Tom Johnston, Executive Director
Nebraska Technical-Community
College Association
635 South 14th Street, Suite 340
Lincoln, NE 68508
(402) 471-4685

A constitutional provision prohibiting state use of the property tax and a political perspective that the property tax should support the community colleges have important implications for developing community colleges in Nebraska. First established by a few communities, the original two-year junior colleges were expanded to the county level and then to regional areas to broaden financial support.

In 1945, the State founded its first vocational college and in 1965 established its second. A number of area vocational schools were later founded. In 1971, the Legislature created a system of Area technical-community colleges by consolidating the orginal eight institutions into six with sixteen campuses. Governed by an Area administration and Area presidents or campus coordinator, the system was partially funded by a State Coordinating Council that levied a property tax and received state appropriations "to relieve undue burden on the property tax and guarantee quality." This anomalous language was no shield to constitutional attack.

During the 1971 reorganization, the Legislature removed two-year programs from the colleges and university, but restricted

academic transfer programs in the technical-community colleges. All Areas can offer academic transfer programs, but only at statutorily specified campuses. "Out of step with the mainstream of community college systems," Nebraska allows only the University to offer nursing degrees. The University, which argued that the AA degree was not the level at which nursing degrees should be offered, has now dropped its program. The community college system offers a technical nurses certificate.

A lawsuit subsequent to the reorganization forced the Legislature to choose between State coordination powers and property tax support of the system. The choice left local control in tact with six governing boards, each consisting of eleven members, with power to levy the property tax, set tuition, and float bonds. The only central coordination is done through a nonprofit Association to which all area colleges belong voluntarily. The Nebraska Coordinating Commission for Postsecondary Education referred this interviewer to Tom Johnston, Executive director of the Nebraska Technical-Community College Association, as the only source of information on the system.

The voluntary Association, beset with personnel difficulties in the mid-seventies and internal political dissension about how best to fund the members, re-established a full-time office in 1982. The philosophical split, related to both function and history, pitts those who favor the academic model funding formula based on credit hours against those who favor the vocational model based on contact hours.

For some time, the State distributed its aid on the basis of FTE as defined and weighted by statute, which reflected both cost and political priority:

Academic transfer FTE	1.00
Light vocational FTE	1.50
Heavy vocational FTE	1.75

All area colleges received an equal share based on FTE in credit courses.

One legislator, sensitive to his constituents, pressed the vocational model in the Legislature, but opposition forced the bill out of the hopper when it became clear that such a model would have "cost one million dollars in one Area ." The sponsor angrily threatened a state take-over of the system.

The Legislature appropriates a lump sum to the Governor's Budget Office for allocation to the Areas on the basis of the formula. Budget cuts come off the top and the remainder is distributed proportionately according to the formula. A hold-harmless clause puts a cap on any loss due to a recent change in the statutory allocation formula: 75 (?) percent in the first year, 50 percent in the second year, and 25 percent in the third. Now cuts hit larger Areas hardest.

Calculating the state appropriation for higher education is a political incremental decision. The State cannot control the programs in the vocational-technical colleges, because of the Constitution. The resultant local funding/local control model elicits less state support for that sector of the system.

The Legislature looks at the percent of funding to be given to each level of higher education. It funds the higher entitities first, colleges next, and the technical-community colleges last. In the year before this interview, there was a .67 percent increase to the University, .8 percent increase to the state colleges, and .23 percent to the community colleges.

At one point, the Governor's Office allowed the colleges to use either contact or credit hours to determine allocation share, but one Area had all individual instructional programs (labs), so switching to contact hours gave it more state aid. The other Areas viewed the change as cheating. The Legislature intervened with a statutory specification of the distribution formula.

The new funding method provides that 58 percent of the state appropriation goes equally to all Areas that have a minimum of 1900 REU's (?? meaning - something about a shift from contact to credit hours). If under that level, the area receives a poportionate share. In essence, the State totals the REUs and equally distributes on that basis 58 percent of the state appropriation. The remaining 42 percent is divided equally on the basis of REUs above 1900.

The statute defines FTE students and weights the aid:

Program	Weight
Academic	1 - 15
Lab	1 - 30
Clinical	1 - 44
Independent study	1 - 60

All courses are evaluated, using the HEGIS classification. The lab category was unworkable for shop courses, because some colleges were doing so much that they had three and a half years' work completed in two, so the Legislature imposed a 20 hour cap.

The system depends on 40 percent state aid, 40 percent Area property tax, and 20 percent tuition and other sources. State aid is slipping, but a sunset clause in the statutory implementation of the property tax power will require the Legislature to face the issue of state versus local control of the system in Fiscal Year 1987.

Some of the Areas give tuition waivers to senior citizens, and sometimes there is no charge for credits beyond that for the first 12 credits taken by the student. Displaced homemaker programs are funded by the Perkins grants, and every Area has at least one such program. Farmers in transition are served by JTPA funding and discretionary funds. An occupational assessment and labor survey cited the community colleges as the favored institutional education provider for this group.

One or more of the Areas have agreements with the penniten-tiary and jails to provide education on a contract basis to prisoners. Omaha's black population is served by one campus that provides academic transfer programs. The Chicano migrant laborers need public school programs for their children, and in the western part of the state, there are some programs, e.g., meat-cutting, in which the video-taped courses are dubbed in Spanish, but otherwise there is no special funding to meet their needs

through the community colleges. One community college on an Indian reservation was originally operated by an Area, but it is now federally funded and operated.

One person in the Department of Economic Development views the community colleges as a central part of economic development for the state and is urging community college job training. Vocational rehabilitation is handled through the Department of Education which contracts with community colleges, local schools, and private proprietary schools. The Labor Department chooses to work through the community college system as the agencies best suited to provide JTPA-funded programs.

The elementary/secondary education system does not provide adult education. The State Department of Education selected the community colleges to handle virtually all of the ABE and GED programs, because the nearly 1000 school districts are simply too small. The University of Nebraska is cutting back on its agricultural extension courses due to the budget crunch.

state: NEW HAMPSHIRE

date: 10-31-85

interviewee: Marie Miller, Administrative Assistant
Department of Postsecondary Vocational Technical Education
State House Annex, Room 401
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A seven member Board of Governors appointed by the Governor heads the two-year old Department of Postsecondary Vocational Technical Education. The six vocational-technical colleges and one Technical Institute are State operated and funded with the help of tuition. All of the institutions have a totally self-supporting evening division. Degree and non-degree programs, both of which have credit courses, are separately administered.

The new department is trying to merge the separate budgeting components for the day and evening divisions into one funding budget. Currently, the Day Division pays the plant costs. An incremental budgeting process last year increased the appropriation by three percent. Anything beyond the appropriation in the Governor's Budget requires a special request and appropriation. Personnel positions for the Day and Evening Divisions are budgeted separately, and the State appropriates a separate capital budget.

New Hampshire relies on liquor sales revenue and a room and meals tax which flow to the general fund and lottery ticket sales which are tagged for education. There are no income or general sales taxes, and New Hampshire enjoys the lowest unemployment

rate in the country. The state liquor sales and the lottery are expected to raise the money needed for education.

The biennial Departmental budget provides separate line items for each institution. The colleges are each governed by a president appointed by the Board of Governors upon recommendation of the Commissioner. The presidents are responsible for expenditures. As a service to the colleges, paid for more or less on a proportional basis from their allotted funds, the Department projects the expenditures for the colleges and prepares a central catalogue.

All the two-year colleges grant the AA degree, and some offer a one year certificate. The evening divisions offer, on a self-supporting basis, all the continuing education courses. Contract business is also done with the evening divisions. Not all credit courses are transferable to the University. Math, English, and some engineering courses are accepted, but most technical area credits are not transferable to the University.

The evening divisions offer tuition waivers to senior citizens over 65 years of age, if the class is big enough to be self-supporting. Displaced homemakers and the unemployed are assisted with JTPA and Carl Perkins Act federal funding. The Department of Education helps fund women in non-traditional programs.

The Department of Postsecondary Vocational Technical Education trains officers for the Department of Correction, but the prisons have their own teachers. There have been a few

contracts with the colleges in the past. The Department also operates the Police Standards and Training College. There is no special funding or special programs for minorities or immigrants.

The elementary/secondary school districts operate adult schools, but they offer only recreational, continuing education or remedial types of programs. The University and its three branches offer extension courses, and the Department of Correction operates its own educational program. The Division of Vocational Rehabilitation is under the Department of Education and there is a Department of Labor, but it is not into education. The JTPA funding comes through separate local councils. There is also a Department of Economic and Resource Development with subdivisions. The Department of Vocational Technical Education, however, handles the greatest volume of state-funded continuing education for adults.

The only major statutory change affecting community college funding in the last five years was the establishment of the Police Standards and Training College.

state: NEW JERSEY

date: 10-31-85

interviewee: Dr. Narcisa A. Polonio-Jones
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New Jersey Department of Higher Education
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The New Jersey state-aided county system of seventeen community colleges and two county commissions that contract for service to their constituents are funded by state appropriation (26%) and county and tuition revenues (74%). (more specific statistics promised)

The budgeting process begins with a Council of County Colleges, composed of trustees and presidents of local colleges, recommendation to the Board of Higher Education. The Board submits one budget request for the system of higher education, of which the community colleges are a part, to the Governor's Office budget committee. The Legislature's joint committee holds hearings and recommends an appropriation. The appropriation bill, upon passage, is subject to the governor's line-item veto power.

The state aid appropriation includes a lump sum for the operating fund, a separate fund for capital improvements, and a separate one for fringe benefits. The first fund is largely distributed by formula as described below.

New Jersey statutes express a legislative intent that the state's share of the support of the community college system be

between 42-50 percent of the general expenses. The appropriation has never reached that level.

The Community College Council builds its appropriation request by determining the general operation expenses for the previous year, calculating the state's share, adding an inflation factor, and adding a new directions factor.

The appropriation to the Department of Higher Education is distributed by the Department of Community Colleges based on a two-part formula including a base entitlement of $150,000 for each community college and a differential based on weighted units per FTE. The six categories include basic skills, low tech, high tech and allied health fields (highest weight), laboratory and science courses, liberal arts, and non-credit fundable instructional courses (lowest weight). The last group does not include avocational or continuing education courses which the state does not aid.

To determine the differential portion of the allocation, the formula multiplies each weight by the FTE (enrollment per year divided by 30) in that category and then adds to the total results an amount calculated by multiplying the FTE in high tech, low tech, and remedial courses again by the same designated weights. The Department distributes 92 percent of the appropriation on the basis of the differential calculations. The second-round calculation favors community colleges with high enrollments in technical and remedial courses.

New this year is an effort to introduce more state control to achieve state priorities by setting aside $2 million of the the appropriation for special categorical funding granted on the basis of proposals for programs that can be audited. Otherwise, each college is totally free to set expenditure priorities, although the State Board of Higher Education reviews and classifies courses and imposes some restrictions as a condition to receiving state aid.

New Jersey offers tuition waivers to senior citizens on a space available basis, and senior citizens may be counted in the FTE calculations. The Department distributes Perkins Act funding for adult education and innovative programs. The Department also handles federal JTPA funding of programs for the unemployed in a substantial amount.

Some community colleges provide services for prisoners, sometimes by contract and sometimes simply as off-campus courses for which enrollments count in the FTE calculations.

New Jersey claims the largest educational opportunities fund in the nation to aid economically and educationally disadvantaged students, of whom 40-50 percent are minorities. The open access policies in the community colleges aid minorities and immigrants, especially through extensive bilingual and ESL programs. Each institution may take up to one percent of its student enrollment in foreign students on an in-state tuition basis.

The Department hopes to encourage customized programs for economic development next year.

Other agencies offering adults continuing education include the county technical schools that serve K-12 system, public university extension courses, and proprietary independent colleges. The Department of Correction schools do not offer college credit courses. The interviewee estimated that county community colleges handle the greatest volume of state-funded continuing education for adults, both on a full and part-time basis.

state: NEW MEXICO

date: 10-31-85

interviewee: Michael Glennon, Associate Executive Director
Board of Educational Finance
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New Mexico has three kinds of two-year institutions. Two of the community colleges are mostly supported by local taxation, but receive a flat grant from the State of $325 per FTE. Three new schools are not large enough to base funding on enrollment, so a line item budget is negotiated for their funding. There are eight two-year institutions dependent upon formula funding calculated primarily on enrollment, but including factors for square footage and the current funding expenditures.

When forming a community college, the voters may choose state formula funding or primarily local taxation with a small flat assessment of $325/FTE from the State. They choose the system that provides the most support. Two wealthy community college districts chose the local levy. The newest three will be like the eight that chose state funding as the primary source. There is one hybrid institution that chose the formula funding and also asked the local people for a flat millage to raise $2 million in addition.

For the eight institutions funded by formula, the State provides 81.3 percent, local taxes 5.2 percent, tuition and fees

11.5 percent, and miscellaneous sources (excluding federal funding) provide the rest. The State's share is $20 million.

To determine FTE, the credit hours per semester are divided by 12. There are three semesters per year. The HEGIS categories are used to classify credit courses which are clustered for purposes of funding as follows:

Cluster	$ per credit hour
Business	37.23
Fine Arts	47.25
General Education	39.70
Health Sciences	131.74
Languages	43.90
Mathematics	44.70
Science	64.72
Services	60.37
Trades	69.28

A proposal is under consideration to provide a Supplemental Education cluster to fund non-credit, remedial courses in languages and mathematics at $61.82 per credit hour.

The institution determines whether the course is for credit, but it must be part of a program leading to a degree. If it is a non-credit remedial course, higher funding is needed to support it. Adult Basic Education courses are funded by restricted funds and taught in the community colleges.

There is a state-mandated tuition reduction for senior citizens, who are counted in the FTE, but there is no special

state funding. There are no special state funds for displaced homemakers or the unemployed. The Department of Corrections contracts with the community colleges to provide education for inmates. There is also outside funding for specific purposes and restricted public service programs. To avoid double funding, the prison students are not included in the FTE. There are no special funds for minorities or immigrants.

The State does not encourage economic development through special funding of courses or programs in or through the community colleges. If new programs are needed in a local area, there must be an institutionally motivated response.

The current funding approach has been used for at least four years. Legislative committees are now looking at a long list of alternative financing systems, so a big change is expected next year.

NEW YORK

Governance

The New York system of community colleges is statutorily committed to a partnership involving local taxing sponsors, the state university trustees, and the students. Any city, county, intermediate school district, school district approved by the state university trustees, or community college region composed of two or more contiguous counties or school districts approved by the university trustees may establish and operate a community college. [N.Y. Educ. Law sec 6301 (McKinney 19)].

The system has developed into two segments: 30 colleges controlled by the State University of New York (SUNY) and nine supervised by the City University of New York (CUNY).

The State University Board of Trustees administers community colleges through the State University Community College Department answerable to the Chancellor of Higher Education. Although the University Board oversees everything from the establishment of districts or regional districts to accountability and disbursement of state funds, there is less supervision than for any other higher education units. The equal partnership in funding loosens the supervisory strings (Amann interview).

Community colleges must provide two-year, postsecondary programs that combine general education and technical education related to the occupational needs of the community. With the assistance of and subject to the approval of the university trustees, the community college must design a curriculum which

offers enough general education to assist transfer to four-year institutions. Certain colleges are exempt on a basis of their history.

Funding

State funding is based on FTE. One FTE equal 450 actual contact hours. Whether a course is credit or non-credit is immaterial to state funding eligibility. Funded categories include:

- remedial courses;
- vocational courses;
- community service courses (subject to demonstration of need).

Excluded from state funding are training for government agencies and avocational courses. Legislative guidelines have long been implemented in "cut and dried" SUNY course descriptions. Supplemental state aid for technical program FTE and business program FTE now assist economic development by encouraging contract courses supplying business or industry.

The second funding source is the local sponsoring agency, usually a county. Certificates of residence collected from the students are used to determine the "charge-back" to the county based on the number of students from that county converted to FTE to determine proportional shares of the cost. Tuition is determined by the local community college, but is capped at one-third of the operational cost.

The latest available report indicates that current operating funds consist of 32.6 percent state aid, 21.4 percent local aid, 30.6 percent student fees, and 2 percent federal contributions. (Wattenbarger and Mercer 1985).

state: NORTH CAROLINA

date: September 1985

interviewee: Bob L. Anderson, Director of Continuing Education Services and State Adult Education Director
Department of Community Colleges
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Raliegh, NC 27603-1712
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(This report is based on statutory research and a telephone interview done prior to the Chicago meeting and the structured interviews done later.)

Governance

The North Carolina highly centralized system of 58 technical and community colleges serves "students who are high school graduates or who are beyond the compulsory age limit of the public school system and who have left the public schools." N.C. Gen. Stat. sec.115D-1 (Nov. 1983).

The General Assembly separated the community college system from the free public school system in 1983 and established a State Board of Community Colleges which elects the State President of the Department of Community Colleges (id. sec. 115D-3). The State Board sets policy, regulations, and standards concerning the "establishment, administration, and operation of institutions. . ." (id sec. 115D-5).

The State Board sets employee standards and salary scales, administers state and federal funds for the colleges, approves

institutional budgets, and controls most curricular decisions. The Board also encourages extension courses, curricular and non-curricular, and determines tuition or registration fees. State law provides for tuition waivers for:

- Adult Basic Education and GED;
- training courses for firemen, lifesaving department personnel, and law enforcement officers;
- patients in alcoholic rehabilitation centers;
- full-time custodial employees of the Department of Correction;
- trainees in the New and Expanding Industry Program;
- clients of sheltered workshops or adult developmental activity programs;
- prison inmates; and
- senior citizens.

Before waiving tuition for state-supported instruction offered to any "captive or co-opted group of students," the college must obtain State Board approval.

The colleges' administrative area consists of the county or counties which provide the local portion of funding. Appointed boards of trustees, including a non-voting ex-officio student member, elect their college president, subject to approval of the State Board. They also employ personnel nominated by the presidents, enjoy condemnation powers for land acquisition, apply admission and graduation standards, accept donations, contract to provide instructional services to other public or private organizations and institutions , and exercise policy and rule-making powers.

Technical institutes do not offer "freshman and sophomore courses of a college of arts and sciences," but community colleges not only offer such courses, but may offer the same types of courses found in the institutes (id. sec. 115D-2).

Curriculum

Adult Basic Education: In attempting to meet the great need in every county and reach an estimated 837,000 persons age 25 and over, the State Board uses a different breakdown of services than the federal law. Instead of using federal funds for grade levels 0-8 and 8-12, North Carolina concentrates the federal funding on grades 0-4 and 5-8. Only the community college system may offer ABE and GED programs, another distinguishing feature. Usually, local school districts also offer these courses, but in North Carolina both ABE/GED and continuing education are delivered only through these postsecondary institutions.

Undergraduate courses at the freshman and sophomore level in the arts and sciences are offered by the community colleges.

Training of technicians at both institutes and colleges involves organized credit curricula which may carry transfer credit, if comparable in content and quality and appropriate to a course of study.

Vocational, trade, and technical specialty courses and programs are available at both types of institutions.

General adult education is also offered by both.

Funding

The state funds the one-year and two-year vocational education programs, college transfer courses, and ABE/GED courses. General adult education, colloquially termed "continuing education," refers to courses that do not lead to a diploma, certificate, or degree. The state differentially subsidizes the five "extension course" categories in continuing education through different fees:

- occupational	$10
- academic	10
- practical skills (e.g., masonry, auto repair)	15
- avocational	19
- recreational	self-supporting

One year's FTE generates the budget for the next year. There are no distinctions made in counting heads to generate FTE. Because part-time instructors teach continuing education courses, they cost about half as much as the vocational education or transfer courses. The State Board establishes a master list that categorizes all courses. When a college proposes a new course, the State Board determines its category and whether to approve it. Local boards of trustees determine whether to add a course from the master list to their curricula.

State funding supports the total approved cost for capital outlay, other than land, for administrative and instructional purposes. It provides 50 percent matching funds for land and construction for administrative and instructional purposes, as

well as 100 percent of current operating expenses determined to be necessary for administrative and instructional purposes (general administration, instructional services, and support services). The local support supplied by counties covers plant and current expenses other than those funded by the state. (Id. sec. 115D-31 and 115D-32).

The anticipated revenues for the 1983-84 authorized budget anticipated the following breakdown of support:

Federal grants (ABE, vocational education, etc.)	3.96%
Tuition	6.88
Counties	11.64
State grants	77.60

state: NORTH DAKOTA

date: 10-28-85

interviewee: Larry Isaak
Assistant Commissioner of Administration
State Board of Higher Education
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Of the five community and vocational technical colleges governed by the State Board of Higher Education, two are fully state funded (72%) with only 28 percent coming from tuition and other income (not federal grants). Three more just came into the system on July 1, 1984 and are funded by a combination of state and local taxation. This year the state portion is 46 percent and the local support from the property tax, tuition, and other funds (not federal) is 54 percent. Between now and 1989, the funding will evolve under a phase-out formula which drops 2 mills of levies per year until the state portion is about 72 percent.

There are eleven institutions in the system of higher education. Eight receive specific appropriations from the legislature. The other three (the phase-in community colleges) are funded with a single appropriation to the the State Board of Higher Education. It allocates it to the three newcomers.

Three formulas generate the proposed budgets for each institution. They are based on:

1. faculty
2. physical plant
3. equipment

The faculty figure is based on student credit hours for only one of the five institutions. The others are so small that they are deemed minimum staff institutions. Their faculty budget is based on the programs desired. To derive the faculty allotment for the first institution, the formula uses program categories:

1. For vocational-technical programs

   18 credit hours = 1 student

   17 students = 1 faculty

2. For academic transfer and AA programs

   16 credit hours = 1 student

   25 students = 1 faculty

Continuing education is self-supporting, but remedial courses are state-supported.

With respect to funding based on people's status, there are no tuition waivers for senior citizens. The community colleges participate in the federal programs for displaced homemakers and the unemployed. The State Board of Higher Education cooperates with the Division of Vocational Rehabilitation which is part of the Department of Human Services. It also participates in Job Training Services to assist displaced workers. The Department of Labor allocates federal funds to individuals taking community college or vocational-technical courses. The state appropriates some money for this purpose also.

There are no special funding programs earmarked for economic development.

The only major change in the statutes governing the community college funding in the last five years is the transfer of control of the three colleges from local school district responsibility to the State Board of Higher Education and the gradual phasing out local tax support by 1989.

state: OHIO

date: 10-29-85 and 10-30-85

interviewees: Theresa Powell, Administrator of Two-Year Campuses
(614) 466-5810

Duane Rogers, Vice Chancellor of Administration
Ohio Board of Regents
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The Ohio Board of Regents is a planning and coordinating, not governing, body. There are 54 public two-year colleges. There are three state community colleges with no local taxing power. Five community colleges depend on local taxes and tuition. Sixteen independent technical community colleges offer two-year associate degrees. Twenty-six University branch campuses offer only two-year transfer programs and some technical programs. The five urban technical centers are two-year institutions that offer associate degrees. (Ms. Powell)

According to V.C. Rogers, Ohio has a state-operated higher education system. There are 16 financing models used in the system. The community colleges offer general studies and introductory core courses. The technical model consists of specialized courses leading to a terminal degree or beginning the baccalaureate program. There are three levels of baccalaureate transfer programs with respect to cost: high, middle, and low. Each community college is a corporate entity with an assigned

geographical service area. Cleveland has three campuses within one district.

The budget models are developed in consultation with the institutional representatives, who review the costs in each program and change the staffing ratios as needed. The budget is generated at the state level. A recent change added a qualitative or enhancement factor to fund the security and maintenance of computers.

After developing the "first cut" of new models and determining how it will be advanced in the colleges, the Department "runs it past" the community college districts for criticism, but the decision is made at the state level. The three basic funding factors include:

1. Instruction, administration, and student services (85 percent of the operating budget) determined largely by enrollment, but including a fixed cost protection;
2. Plant operation based on square footage; and
3. Programmatic funding for libraries.

FTE is based on credit hours in courses classified into sixteen clusters in the master inventory. Students are counted in the fall, and fifteen student credit hours equal one FTE. The institutions are then supported at that FTE level for the rest of the year. The community colleges are on the quarter system, and the University uses the semester system.

The funding rate varies according to cost:

General Studies	$2100-3900/FTE	(three levels)
Technical Studies	3000-5200	(three levels)
Baccalaureate	3600-6000	(three levels)
Master Programs	6500-12,500	(three levels)
Doctoral Programs	8500 & 15,000	(two levels)
Medical Programs	15,000 & 20,000	(two levels)

There are no enrollment caps generally, although two institutions have a statutory limit on enrollment. The real cap in funding is the total cost cap. The funding model requires projection to estimate enrollments, which if underestimated causes a problem for the institution.

No attempt is made to test student motivation for taking a course, although the State supports only degree program credit course work. The great number of non-credit courses are self-supporting, despite two attempts to gain legislative support for these courses. There is pressure to reconsider the issue in terms of job-training programs and the state interest in nurture of such programs under an economic development approach.

The institutions are involved in a lot of contract activity. The Board of Regents has been liberal in allowing institutions to use some of these courses as credit courses. In one medium-sized city, General Motors retooled its plant and needed to retrain its employees. GM contracted with the technical college to develop customized training and provided the building.

Only five community colleges have local tax support of about one to two mills. Statewide, the funding assumption is that the undergraduate student will pay 38 percent of the education cost. The student's share of the cost per academic year averages $1500, but most colleges don't charge that much. More typically the fee is $1000 per year.

The policy question each year is "What should the ratio between student fees and state funding be?" Although there is no law in Ohio similar to the California Proposition 13, tax reform has resulted in more of the state budget (new money) being allocated to tax roll-backs to help lower property tax at the local level. Currently, the State pays about 62 percent and the students pay 38 percent of the two-year program costs.

Under "Program Sixty," state law requires that senior citizens be ganted tuition waivers for both credit and non-credit courses on a space-available basis. Federal funding supported establishment of programs for displaced homemakers over the last decade. The State helped in the transition from federal to local support and supports four of the centers at the rate of $300,000 per year, but actually every public institution, especially the two-year colleges, provides some kind of service.

The Bureau of Employment Services administers the state level use of federal JTPA funds for the unemployed. Locally, the colleges administer such programs. Several colleges have given tuition "breaks" to the unemployed. They can't waive the fee for them, but have helped them with their own funds.

The Board of Regents is having trouble with the Development Department which is "afraid" to give funds to colleges for training. The Board is trying to restate the mission of the two-year colleges, so that they will be the centers for training at the local level.

Using a combination of federal and state development funds, several of the advanced community colleges involved in high technology are establishing integrated manufacturing systems. They can leverage the money and are using the machine tools in the plants which are often the prototypes of the most advanced technology.

Geography determines the degree to which the community colleges serve the prison population. The Department of Corrections does not pay tuition for the prisoners. If the course is for credit, the student counts for funding, and under the state student financial aid program, if a prisoner is parolable within five years, he or she is eligible for student grants for fees.

There are no special state funds for minorities, but the colleges encourage their enrollment, and the financial aid programs are need based. Special provisions were made concerning residency rules to accommodate Vietnam refugees by counting them as residents for fee purposes.

Capital strategies were adopted to provide access to the handicapped, but there is no special operating support for them.

The State Developmental Program emphasizes articulation between high school and college level institutions. The State

Department of Education and the Board of Regents are encouraging strong articulation with early testing in the high schools and redefinition of the college core admission standards. The program is aimed at poorly prepared students. It is concerned largely with high school students, but also covers returning adults. Ohio has an open admission law.

Distinguishing "technical" from "vocational" courses is a problem, because the high schools offer a lot of the latter, sometimes in competition with the community and technical colleges. The Board of Regents is pushing for the community colleges. In the high schools, the core curriculum courses required for college admission are displacing the vocational education courses, so there is a scrambling for enrollments and the adult market is the target. Since there is some state funding of adult vocational education by the State Department of Education, the high schools can offer the courses free, but community colleges must charge tuition. The vocational education system is very large, but most of the courses are at the secondary level. Thus, the higher education system probably handles the greatest volume of state-fundied continuing education for adults at the postsecondary level.

No major statutory changes in community college funding occurred in the last five years, only modifications. The fixed cost protections are about five years old. Capital equipment funding initiatives provided data processing equipment and added $10 million for two years for technical equipment.

state: PENNSYLVANIA

date: 11-26-85

interviewee: Jerome Kern, Higher Education Associate
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Since passage of the 1964 law establishing community colleges, fourteen local geographical taxing bodies have chosen to support one. Half the capital cost is paid by the local sponsor and half by the State. The largely locally autonomous community colleges serve 75 percent of the population, but there is still lots of open territory. Most are county-sponsored; almost half are school-district sponsored. The State Board of Education approval of a locally based needs study establishes the institution.

Funding of the community colleges is shared equally by the Commonwealth, the local sponsor, and students. The local portion may include grants or gifts. The Commonwealth audits the FTS which is calculated on the basis of 12 credit hours per semester. The colleges determine whether the course should be self-supported. Summer sessions are included.

For five years, a stipend was paid to each community college based on the FTE enrolled in approved occupational programs. The Secretary of Education set up a committee to decide whether the courses were occupational, and the colleges received $300/FTE from the $10 million stipend money. Now a variable, more

generous, stipend is provided from a $20 million fund. All the colleges have nursing courses, so they are not included in the high technology designation. The level of funding is:

Statewide courses	$1000/FTE
Advanced Technology	1100
Residue	500

The Governor's initiatives are aimed at high technology in an otherwise economically dependent coal/steel/heavy industry state. The statewide courses reward those colleges that are reaching into the unserved areas. Only two or three colleges qualify.

There is a cap on the Commonwealth contribution of one-third the operating cost, which is currently $2400/FTE, but the cap in absolute terms rises as expenses increase. Thus, the Commonwealth provides $800/FTE. The students may be charged no more than one third of actual expenses, and the sponsor pays the difference.

There is no state-level zero-based budgeting for the system. The legislative appropriation is generated by the FTE driven formula. Each college prepares its own budget and has complete control of expenditures.

There are no statewide policies on tuition waivers for senior citizens. Perkins Act funding supports programs for displaced homemakers, and JTPA funding helps the unemployed. Through fully fund contract programs, some colleges serve the prisoners who are not counted in the FTE calculations.

Special attention to assisting minorities is not a part of community college programming, but there is a large state aid package which does. The Pennsylvania Higher Education Assistance Agency administers $100 million in need-based student grants. Only full-time students are eligible, so there is a policy issue as to whether to subsidize part-time students.

The Commonwealth has also established the Ben Franklin Partnership to encourage colleges to work with industry in research and development. JTPA funding through local councils augments this initiative.

The secondary level school districts sponsor area vocational-technical schools. A consortium of local secondary systems sponsor 70 AVTS centers that handle all vocational training at the high school level. Some high schools keep their business courses and offer typing and accounting. The AVTS centers with their wider jurisdiction compete for the adult continuing education market by offering certificate programs.

The Pennsylvania State University system has 20 branch campuses, many of which offer AA degrees in direct competition with the community colleges. Nonetheless, this interviewee estimated that the community colleges handle the most state-funded continuing education for adults. The AVTS centers serve are second, and the University branches come in third.

The only major change in the funding statutes in the last five years has been the shift to the variable funding based on the category of credit course.

state: SOUTH CAROLINA

date: 10-31-85

interviewee: Wyman Shealy, Associate Director
State Board for Technical and
Comprehensive Education
111 Executive Center Drive
Columbia, SC 29210
(803) 758-6915

The State Board for Technical and Comprehensive Education heads the South Carolina system of sixteen institutions. It promulgates policies and guidelines, while elected boards of trustees govern the local institutions' operations. Seven have fully comprehensive programs, and nine have no college parallel or AA degrees. The system meets about 98 percent of the need for community college education.

The State provides 65 percent of the unrestricted funding; local taxes provide 10 percent; students pay 20 percent; and the remaining 5 percent comes from interest income on small enterprises, federal funds, and limited funds. The Legislature appropriates funds to the State Board for distribution.

The State Board uses two formulas: one to generate the budget, and one to allocate the appropriation. The Board works with the Higher Education Commission which coordinates all postsecondary public institutions. The Commission has a formula for generating the budget.

After receiving its appropriation, the State Board uses a distribution formula patterned after the Texas model. The formula is enrollment-driven and uses fixed student/faculty

ratios to calculate the number of FTE required. The faculty salary scale is determined by each institution. Salary times FTE plus indirect cost in each of eleven categories yields the budget allocation for each institution.

The allocation formula adjusts for size differentials and uses eleven calculations to determine indirect costs. To determine the FTE, the fall quarter enrollment is annualized and differential ratios applied. For example, the student/faculty ratio in health sciences is 7 to 1, whereas in the liberal arts it is 30 to 1. The HEGIS disciplines determine categorization, and a ratio is developed for each discipline in which instruction is offered.

In the late 1970s and early 1980s, enrollments rose while funds decreased. In 1981-82, the Department established a funding cap on the colleges through an informal agreement between the presidents and the Department. Enrollments are inversely related to the state economy. When it is good, enrollments decline, and vice versa. Enrollments decreased last year and are about even this year. The current counting suggests that the needed extra freshmen may be there. If there are jobs, people attend part-time, and if not, people attend full-time.

The State funds credit courses and short-term, occupational upgrading, continuing education. Community service programs of an avocational nature are self-supporting.

State statute gives senior citizens a tuition waiver. Carl Perkins Act and JTPA federal funds support programs for displaced

homemakers and the unemployed. Using these federal funds, the system helps single parents with day care centers operated in conjunction with child care studies courses The Department of Correction has its own training program and works with the secondary schools.

State and federal financial aid funds assist the socially and economically disadvantaged students. In some institutions up to 95 percent of the students are on financial aid, while in other areas only 40-45 percent need help. The State tries to meet the needs of all such students.

The Technical and Comprehensive Education system is set up as a tool for economic development. There is a separate agency for economic development, but the agencies work closely to promote this end. The only flow of state funds through the economic development agency to the educational system consists of funds for instruction to help small businesses and to give entrepreneurial training. The Development agency promotes and the community colleges produce the instruction. The State Board, not the colleges, operates the training for the start-up of new businesses or retraining.

The Department of Vocational Rehabilitation pays tuition for some students and operates some sheltered workshops with limited training for the handicapped. The Department of Labor is not involved in education, nor is the Unemployment Security Department. There is a Police Academy which is separate from all other agencies and funded by a percent of all fines collected in

the state. It trains all police for state and local agencies. The State Fire Academy is operated by the Vocational-technical Department. The Budget Control Board provides courses in procurement and computers for its own personnel and those of other state agencies.

The State Department of Education supervises the offering of ABE and GED programs in the elementary/secondary districts. It also supervises the occupationally-oriented programs in sixty area vocational centers. Twenty percent of them offer some adult vocational training. Some of the centers have excellent articulation with the vocational education system, while others engage in cut-throat competition. The state agencies are trying to coordinate adult vocational education and consider the competition a minimal problem.

The public university extension courses are not much competition, because their programs in continuing education are usually at the managerial level. Of all the state agencies involved in providing adult continuing education, the Department of Technical and copmprehensive Education handles the greatest volume.

There have been no major changes in the statutes governing community college funding in the last five years. There may be soon, however, in that legislation will be introduced to amend existing statutes and to clarify the responsibility for occupationally oriented programs to avoid conflict among agencies.

state: TEXAS

date: 11-26-85

interviewee: Dr. Nelly Thoroughgood, Assistant Commissioner for Community Colleges and Technical Institutes
Coordinating Board for Higher Education
P.O. Box 12788
Austin, TX 78711
(512) 475-3814

date: September 1985

interviewee: Beth Henry, Dean of Community Services
Tarrant County Community College
Fort Worth, TX
(817) 336-7851

(This profile is based on statutory research and two interviews.)

Texas statutes refer to the 61 community colleges operating in 47 districts as "junior colleges," but permit local boards of trustees to change the name of their institutions to reflect the fact that they are "comprehensive community colleges." [Tex. Educ. Code Ann. sec. 130.005 (Vernon Supp. 1985)].

The Coordinating Board, Texas College and University System, supervises establishment, dissolution, operational standards, and reporting of junior college districts. [Id. sec. 130.001 (Vernon 1972)]. Interestingly, "[a]ll authority not vested by other laws of the state in the coordinating board or in the Central Education Agency is reserved and retained locally . . ." by each district or governing board. (Id. sec. 130.002).

The statutes provide that the "purpose of each public community college shall be to provide:

(1) technical programs up to two years in length leading to

associate degrees or certificates;

(2) vocational programs leading directly to employment in semi-skilled and skilled occupations;

(3) freshman and sophomore courses in arts and sciences;

(4) continuing adult education programs for occupational or cultural upgrading;

(5) compensatory education programs designed to fulfill the commitment of an admissions policy allowing the enrollment of disadvantaged students;

(6) a continuing program of counseling and guidance designed to assist students in achieving their individual educational goals;

(7) such other purposes as may be prescribed by the Coordinating Board . . . or local governing boards, in the best interest of post-secondary education in Texas." [Id. sec. 130.003 (Vernon Supp. 1985)].

The Texas legislature also supports "community education" as a concept "which involves the people of the community in a program designed to fulfill their educational needs, while promoting more effective use of public education facilities and other public facilities for the purpose of providing recreational, cultural, and other related community services." (Id. sec. 11.18).

This section charges the Central Education Agency with managing, developing, policy-making, and administering grants for this program. It further declares that

> Adult education programs shall be provided by public school districts, public junior colleges, and public universities approved in accordance with state statute and the regulations and standards adopted by the State Board of Education.
>
> . . .

Not given to anemic solutions, the Legislature continues:

> Funds shall be appropriated to implement statewide adult basic education, adult bilingual education, high school equivalency, and high school credit programs to eliminate illiteracy in Texas and to implement and support a statewide program to meet the total range of adult needs for adult education, related skill training, and pilot programs to demonstrate the effectiveness of the community education concept. An additional sum of money may be appropriated for the purpose of skill training in direct support of industrial expansion and start-up, and those locations, industries, and occupations designated by the Texas Industrial Commission, when such training is also in support of the basic purposes of this section.

[Beginning of Thoroughgood interview]

The Texas Legislature meets biennially. The Coordinating Board for Higher Education will adopt a budget recommendation at its January 1986 meeting for the January 1987 legislative package. That recommendation is generated primarily on the basis of a contact hour formula, i.e., the total number of hours in which

the teacher meets the students in lectures and laboratories. The formula multiplies the total class hours by total students times total weeks.

The Texas State Technical Institutes (TSTI) use the quarter system, and the community colleges use semesters. The TSTI were not under formula funding until the last Legislature placed them under the Coordinating Board's jurisdiction. The Board is now developing the funding scheme on the basis of contact hours.

The State reimburses the community colleges not only for instructional costs, but also for insurance benefits through a separate appropriation. The allowable costs within the formula funding are driven by contact hours. Each college's base year begins with March quarter of 1986, during which it begins to collect contact hour data. Each school also uses a cost study formula to determine the actual cost for its program which is forwarded to the Coordinating Board.

The Board uses the total costs during the base year and the total contact hours to determine one budget request for the system that has been projected for the next biennium. The Legislature has never included an inflation factor, but rather puts a cap on expenditures through it appropriation powers.

The Coordinating Board applies the programmatic code in reverse to distribute the appropriation. The formula does not anticipate declining enrollments, so there is a problem for small rural schools. The tension between rural and urban colleges is a real problem. In general, the State provides 65 percent of the

operating budget, and local taxes and tuition supply the remainder. The ratio between tuition and local taxes varies among districts. There is a minimum tuition established statewide.

By state law, senior citizens age 65 and over are granted tuition waivers. Perkins Act funds went solely to the Windham school district in the Corrections Department to service incarcerated people. City and county people were not included. There is, however, some money at the state level for upgrading adult vocational education, and federal JTPA funds support many programs. The Department of Corrections, which has its own school district and funding for education, nevertheless also contracts with the community colleges for all kinds of programs.

All public schools use federal Pell grants and state-based guaranteed student loans to encourage education of minorities. In addition, a state-mandated compensatory education program for academically disadvantaged students is funded by the community colleges. Only Perkins Act funds are used for programs for the handicapped. As for immigrants, there is a major program in English as a Second Language at the El Paso Community College, and all the TSTI along the Mexican border have special programs. A special program for Asians introduced them to shrimping.

The police and fire personnel receive tuition waivers, and the state funds, through the Hansil Hazelwood Act, a loan program for Texans. The Legislature requires high out-of-state and foreign student tuition.

Promotion of economic development is handled by two agencies: the Texas Education Agency and an Economic Development Department under the Governor which coordinates the industry coming into Texas. Both schools and community colleges are being used. The schools apply to the Texas Education Agency for industrial start-up money.

From a technical education perspective, Texas first appropriated $35 million to support applied research and development research in the University to establish a base of research and development for new industry and to promote diversification. The next wave of effort will be manufacturing opportunities for Texas that the community colleges will carry, such as fisheries and by-products. High level scientists award the grants, and the program has generated considerable excitement. Oil income reduction provided the impetus for change.

The community college system offers the only state-funded continuing education programs for adults. The high schools use federal funds or break even through tuition. The community college system handles the greatest volume of state-funded continuing education for adults. The next greatest number of students attend TSTI or Texas A & M extension courses.

Texas used to have a program to fund start-up costs for new community colleges. This was dropped six years ago and indirectly affected the creation of new community colleges. The criteria for establishment of community colleges have been raised quite high to slow their growth. As a compromise, the TSTI were

brought under the jurisdiction of the Coordinating Board for Higher Education.

[Dean Henry's perspective follows.]

Reportedly, both high schools and community colleges offer continuing education courses, but usually one or the other offers ABE and GED courses in coterminous or overlapping districts. (Henry interview). The terms "continuing education" and "community service" are used interchangeably. They cover three categories of programs.

Under the Industrial start-up category, the community college sets up the courses and organizes retraining programs for an industry that is, for example, retooling. The company handles the instruction with assistance from the community college which receives an "overhead cut." The rest of the grant goes through the community college to the company. The Texas Education Agency still administers the Industrial Start-up grants.

Under the federal Job Training Partnership Act, private local industrial councils cooperate with and funnel financial support to some of the larger community colleges.

Tuition supports avocational courses. Local colleges propose courses, and the Coordinating Board determines whether a course will be credit or non-credit and whether it is vocational, liberal arts, general academic, or avocational for purposes of funding. The central agency assigns a HEGIS code to each course title and description in the master computer.

state: UTAH

date: 11-24-85

interviewee: Don A. Carpenter, Associate Commissioner for Planning
Utah System of Higher Education
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Five of the nine institutions of higher education in Utah are community colleges. The state appropriations and tuition fund all nine institutions. Community college tuition is $800 per year. The System uses project, incremental budgeting, not a formula, although a number of factors are considered in the negotiation process.

Small rural colleges are given extra help, and the extra cost of teaching vocational education is being built into the decision. Once enrollment is projected and accepted, the colleges are held to that projection. Maintenance of quality is the motivation for enrollment management. Concern that productivity could deteriorate prompts state monitoring of enrollments.

The System is playing with the idea of differentiation based on program, but there is such diversity among institutions that they have not been able to come to agreement. Currently, FTE is based on fall quarter enrollments. One FTE equals 10 credit hours. Non-credit courses must be self-sustaining. State funding and state policy control the credit courses. The market drives non-credit offerings, and there is no state policy on such

courses. Most non-credit courses are recreational or short-term, in-service training courses.

There is some competition between the community colleges and the community school program and adult high schools. The latter provide most of the ABE and GED courses. There are also five area vocational centers that provide job-entry training. The community colleges can't compete well with the school districts in terms of cost, because the districts have some state funding and local support as well as tuition. The community colleges, however, offer the more sophisticated or specialized courses. If the course can be given for credit, the community colleges can get state aid. There is some cooperation between the systems, but if the course is non-credit, the public school district is more likely to offer it.

Legislation permits persons aged 62 or more to audit courses on a space available basis with only a registration fee. Participation is not extensive. Both state and federal funding for tuition is available to displaced homemakers, but the institutions do not have special funds for them. A Skills Center in Salt Lake City, funded by the Social Services appropriation, provides training for the unemployed. JTPA funded job training is also available. The Department of Corrections contracts with a technical college for educational services for inmates.

No specific funding is targeted at minorities, but many qualify for tuition assistance to take skills and short-term courses. Nor is there any specific funding to assist immigrants,

but the colleges tailor some programs to their needs, e.g., assessment testing and developmental courses are available to Southeast Asian immigrants.

Utah has a large program in guaranteed loans under the State Career Teacher Education Scholarship program. The students can start in the community colleges and transfer to a four-year institution to complete the program.

Utah has also established a Critical Industries Fund to encourage economic development. The funding is pooled with the federal job training funding to mount short-term specific programs. Industries or institutions can bid for the money, and a committee makes the awards.

Local school districts handle the greatest volume of state-funded continuing education for adults. The State funds only administration and overhead at the community colleges in terms of the continuing education programs (non-credit). The four-year colleges and the University also have some large continuing education programs.

No major changes in the statutes governing the community college funding has occurred in the last five years. The System is working on a master plan for vocational education that may be legislated to make the institutions more market-sensitive.

state: VERMONT

date: 10-31-85

interviewee: Nancy Bergland
(Interviewing in this state was not completed, because interest in its program was not commensurate with the difficulty of reaching the right person. Future calls about financing should be made to the Director of Finance, Roger Murphy, at (802) 241-2531. Questions about the vocational-technical programs should be directed to Jim Coakley, Business Manager (802) 728-3391.)

The Vermont community college is state-funded as part of the Vermont higher education system. The situation is currently "dynamic." In the past, financing has depended on an incremental budgeting approach based on the previous year's approved budget. Now, a different approach uses a core budget which is increased for enhancement.

The appropriation is made to the Vermont System for allocation among the institutions. The community college receives proportionately less and is operated on a shoe-string. It owns no building, has no full-time faculty, and offers non-traditional courses taught at night by faculty who teach as a public service. The faculty are paid an honorarium, but the amount would put them below the poverty line, if that were their only income. They are all part-time faculty with full-time jobs elsewhere.

Historically non-credit courses are offered at the community college, but now more degree program courses are offered, such as a sequence in accounting, but the programs are not structured.

state: VIRGINIA

date: 10-31-85

interviewee: Joe Hester, Assistant Vice Chancellor
for Budget
Virgina Community College System
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(804) 225-2313

Virginia has a twenty-year-old, statewide community college system that operates as a single institution. One Board supervises 23 colleges, some with multi-campuses. There are two small rural colleges with two campuses each; and three urban colleges, one with five campuses and one with three campuses. The others are single campus institutions.

The fifteen members of the State Board of Governors serve on a rotating basis. The governor appoints four members each year for a four-year term. There is a limit of two consecutive terms per person. The Chancellor is the chief executive officer of the system. Each college has a president, and the 23 presidents report to the Chancellor. Each college also has an advisory board.

Plant facilities are constructed by the State, but each locality provides all exterior site work. The State supplies 75 percent of the operating expense from its general fund. Tuition and fees supply 25 percent, and a miniscule amount of revenue comes from other sources. The Board of Governors annually sets the tuition for the whole system.

Historically, Virginia has used guidelines or formulas to generate the budget for higher education. They were largely enrollment-driven, based on a faculty/student ratio by disciplines and subcategories of instruction levels within disciplines. The community college guidleines were based on staffing ratios weighted to reflect the cost of instructional programs:

Program	Faculty	FTS
General transfer	1	11
Occupational-technology:		
Light (business/public serv.)	1	16
Heavy (engineering, welding, etc.)	1	12
Health care	1	10

Support staff guidelines provided:

Professional support	16 basic per college plus an increment of 30 positions per 1000 FTES
Maintenance staffing	historical relation of staff to square footage of plant (using incremental budgeting for this factor)

For the last two biennia, a new system for generating the budget has been used. The Governor's Office is spearheading a "level funding" concept for generating the budget request. The basic appropriation is equal to the previous year's dollars. Any requested increase must be justified. In effect, there is an administrative cap on the budget requests. Last year, the Gover-

nor's budget recommended reducing the community colleges by 500 staff position, but the Legislature restored half of those positions.

One catch to the system is that if enrollments increase, this basic amount does not; but if enrollments decline, so does the basic amount. The community college system is experiencing an enrollment decline for several reasons. The cohort of college age students is declining and the other higher education institutions are dipping into the community college pool. Secondly, the expected portion of the total budget that students pay has risen from 20 percent to 25 percent in the last few years. This translates into an 80 percent tuition increase which creates a marketing problem.

The Board of Governors uses a formula to allocate the appropriation to the system's colleges. They build in an economy-of-scale factor, whereas the state guidelines ignore that problem. The Board uses a sliding productivity expectation. It considers whether the institution meets the standard in the guidelines for faculty/student ratio in each category. If not, the Board adjusts for the size of the institution. There is a range of 75 to 115 percent of standard guidelines for faculty/student ratios. Level funding ignores the guidelines, but the Department uses the formula to recognize costs, size, growth, etc.

The community college system is on a quarter system. FTE is based on the total credit hours per year divided by 45. There is

no statutory mandate for non-credit courses, but the colleges are allowed to provide such courses at a charge of 130 percent of direct instructional cost. The same requirement applies to the University institutions.

From time to time, there is contracting with business to train their employees who are out-of-state employees. The normal out-of-state student tuition is 100 percent of cost or $3500 per year. The colleges will tailor courses for businesses, and on the basis of a guaranteed enrollment will charge the residential student fee regardless of residence.

A separate Industrial Development Division operates independently of the community college system. It sets up ad hoc courses in industries where start-up or large expansion is occurring. Sometimes, if the community college has the right staff or equipment, the agency will contract with the college to implement its plans. Sometimes the agency simply contracts with the business to teach the courses it wants. In either case, the State subsidizes the business training costs.

There is a statutory waiver of tuition for senior citizens enrolled on a space available basis. The State Department of Education subsidizes the tuition for displaced homemakers by making the colleges sub-grantees of Vocational Education Act funds. The program is targeted for minorities and women. JTPA funds are handled in a similar manner.

Some of the colleges work with the Department of Corrections, despite problems in the past. The colleges can not waive

tuition for anyone without statutory permission. Prisons and prisoners have trouble meeting the price. Proprietary organizations have had an advantage in the past. They could capture the contract despite a higher cost, because federal grants paid the cost and the schools waived tuition. Some pilot projects are being tried at Mechlenberg, but the same basic problem exists.

A federal court order with enrollment objectives for higher education is the impetus for grants to minorities at white institutions of $1000 each and for whites at black institutions. Twenty grants are made, primarily to senior institutions, but the community colleges have no problem in meeting the court's objectives and serve as a source of students for the senior institutions.

There is no state funding for programs targeted for immigrants.

Statute places ABE programs in the elementary/secondary education system, funded at the level of $3 million. Federal and state funding for the program reaches only about three percent of the illiterate or marginally illiterate in Virginia. There is some talk of using the community college system to make the courses more attractive to adults.

Continuing education and occupational type training is offered in vocation high schools located throughout the state. These programs are not in direct competition for the students. The general perception is that students do not make concrete commitment until they get past the high school. The high school

orientation for adults is more avocational than occupational. The community college students are much older (25-30 years of age). The community colleges are also offering remedial courses to bring people up to speed to handle other courses in the community colleges.

Competition with the University of Virginia which is heavily involved in continuing education is much more evident. A couple of the university institutions are extensively involved in professional education. There is the agricultural extension as well as continuing education for retraining. The Virginia Technical Institute has a Center for Continuing Education which is a multi-million dollar per year operation. All higher education institutions are under the same funding constraints.

The Department of Vocational Rehabilitation has a Division of Rehabilitative Services for the handicapped and operates a shelter.

The community college system has an extensive self-supported continuing education program for adults, as does the University system, but there is a different level of instruction offered.

No major statutory changes affecting the funding of community colleges have been made in the last five years, but the administrative "level funding" cap has had considerable effect.

state: WASHINGTON

date: September 1985

interviewee: Dr. John N. Terrey, Executive Director
State Board of Community College Education
319 Seventh Ave. FF-11
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(206) 753-7412

[This profile is based on statutory research and a telephone conversation with Dr. Terrey before the Chicago meeting.]

In Washington, no local taxes are levied for community colleges. A State Board for Community College Education reviews the budgets prepared by the 23 community college boards of trustees and presents a single budget to support the state system to the Governor.

The State Board also establishes guidelines for the disbursement of funds and oversees the curriculum and standards of the colleges which by law must provide:

- academic transfer courses;
- occupational education courses, graded and ungraded;
- community services of an educational, cultural, and recreational nature; and
- adult education.

Vocational-technical training is not required, if an occupational program approved by the Coordinating Council for Occupational Education is already operating in the district. [Wash. Rev. Code Ann. sec. 28B.50.090 (1985 Supp.)].

Local public school districts may provide adult education

only if their programs are not in competition with community college programs. [Wash. Rev. Code Ann. sec. 28B.50.300 (1982)]

The statutes define adult education as:

> . . . all education or instruction, including academic, vocational education or training, and 'occupational education' provided by public educational institutions, including common school districts for persons who are eighteen years of age and over or who hold a high school diploma or certificate: Provided, That 'adult education' shall not include academic education or instruction for persons under twenty-one years of age who do not hold a high school degree or diploma and who are attending a public high school for the sole purpose of obtaining a high school diploma or certificate: Provided, further, That 'adult education' shall not include education or instruction provided by any four year public institution of higher education: And provided further, That adult education shall not include education or instruction provided by a vocational-technical institute; . . . [Id. sec. 28B.50.030 (1985 Supp.)].

A State Director administers the Department for Community Colleges and directs the administrative procedure for approval of course categorization. Only new course descriptions must be submitted for approval. The Department uses the Higher Education General Instruction Survey (HEGIS) cluster system to categorize each course for funding purposes. Life-long learning courses may be assigned to one of the clusters or remedial education, both of

which are state-funded. Community service courses must be self-supporting (tuition or contract).

Reportedly, the Washington legislature no longer uses formulas to determine community college level funding. Instead, it simply added an inflation factor to the previous appropriation to determine the '84-'85 funding (Wattenbarger and Mercer 1985). The State Board, however, still uses formulas for disbursement purposes.

The Legislature also sets tuition and fee schedule levels. For example, sec. 28B.15.502 provides:

- For full time resident students the general tuition fee per academic year is $127.50, but an operating fee may be added to a limit of 23 percent of the per student educational costs.
- For full time nonresident students, the general tuition fee per academic year is $403.50, but the operational fee combined with tuition shall be 100 percent of the cost.

That section also requires the State board to fix the general tuition, operating fees adn services and activities fees consistent with legislative guidelines. The law authorizes community college boards to set fee schedules, not inconsistent with State Board regulations, "for ungraded courses, noncredit courses, community services courses, and self-supporting short courses."

To maintain uniformity of tuition and fee practices among the community colleges, the State Board determines which courses shall be supported by tuition and fees and the level of the

charge. Under the 1983 regulations, for example, certain courses for apprentices were assigned tuition of $1.40 per credit, operating fees of #3.60 per credit, and no services and activities fee. Similarly, a "standard rate" for tuition and operating fee were charged for first aid courses offered to satisfy WISHA first aid certification requirements. A complicated fee formula determined the tuition fo parent education involving cooperative preschool programs. There were tuition and an operating fee for farm and small business management courses, while adult basic education was free. [Wash. Admin. Code R. 131-28-026 (1983)].

state: WYOMING

date: 10-23-85

interviewee: Jim Randolph, Executive Secretary
Community College Commission

(307) 777-7763

In 1984, the Legislature adopted Enrolled Act #138 (section 21-18-201, et seq. in the Code Books) which changed the State's role in the governance of community college. Previously funded mostly by local taxes, the community colleges will receive from 68-70 percent state funding next year. The trade-off was greater power for the State Commission which now controls budgeting, program approval, instruction approval, and evaluation approval.

The biennial appropriation for 1985 & '86 currently provides 64.7 percent of the operational budget for the second year in the biennium. The local revenues derived from a mandatory 4 mills on assessed property in each community college district provides 25.6 percent. Tuition and income from investments provides the remainder. Whether the district includes the whole county or not depends on the decision of the voters. The local governing boards of the seven colleges had power to establish the tuition, but in fall 1986, the Commission will determine the tuition level which is expected to rise.

The budgeting process is incremental in nature. The current budget for each college determines the first factor. The same percentage increase is used in determining each college's increment. The incremental percentage is applied by subject

matter to four factors: salaries, benefits, current expenses, and equipment. The percentage increment is consistent across the board, but the amount differs for each.

The college can ask for additional amounts, so the budget request reflects (1) an existing budget plus increment and (2) extraordinary increases for new programs or other changes. The budget requests come through the Commission which makes a recommendation to the Governor and the Legislature which makes the final appropriation. The colleges do not account to the State for any federal grants or gifts.

For statistical purposes, the total FTE is differentiated on the basis of credit/non-credit and on/off campus courses, but the distinctions do not affect the funding.

Senior citizens may receive a tuition waiver at the discretion of the local governing board. Statute mandates a tuition waiver for Vietnam veterans. Tuition waivers for employees are at the option of the local board.

A state commission is now studying the competition, duplication of services, and holes in service to adults that exist in the current system of community colleges and adult schools in elementary/secondary school districts. The latter are under the aegis of the State Department of Education. The one state university provides extension programs and cooperates with the community colleges.

The Department of Correction has three correctional institutions: a pennitentiary, farm, and women's institution.

Each institution has its own programs for trade and industry, but depends on the nearest community college for transfer courses leading to a degree. Adult Basic Education and GED may be provided by the community college or by the local school district or by both.

The Department of Vocational Rehabilitation Services acts as a referral agency for qualified clients. The Department pays their tuition and living expenses. The Department of Job Services dispenses federal funds for their clients. A Department of Economic Development and Stabilization, created in 1985, works with the community colleges and new industry. The Commission for Community Colleges would look favorably on "above and beyond" requests for programs to promote economic development. JTPA funds granted by local councils are also used to contract with local community colleges for start-up and training programs.

The community colleges and the public schools handle the greatest volume of state-funded continuing education for adults.

In addition to the major change in funding and control described in the first paragraph above, the Wyoming Commission is looking at new ways to fund the system and is structuring and increasing the tuition.

ERIC Clearinghouse for Junior Colleges
JUL 18 1986